



# **EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES**

## **INTERIM CONSOLIDATED FINANCIAL STATEMENTS (No audited)**

As of June 30, 2020 and December 31, 2019 and the three-month periods ended June 30, 2020  
and 2019



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EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2020 and December 31, 2019 (In thousands of Chilean pesos - ThCLP\$)

| Assets  | Note<br>No. | As of June 30<br>2020 | As of December 31<br>2019 |
|---|-------------|-----------------------|---------------------------|
| <b>Assets</b>   |             | <b>ThCLP\$</b>        | <b>ThCLP\$</b>            |
| <b>Current assets</b>                                 |             |                       |                           |
| Cash and cash equivalents                             | 6           | 122,426,432           | 44,143,605                |
| Other financial assets                                | 7           | 73,047,887            | 85,004,326                |
| Other non-financial assets                            | 8           | 706,434               | 388,096                   |
| Trade and other receivables                           | 9           | 3,773,152             | 4,786,237                 |
| Accounts receivable from related parties, current     | 10          | 52,758,737            | 89,941,878                |
| Inventories   | 11          | 263,291               | 205,173                   |
| Current tax assets                                    | 16          | 9,710,139             | 12,601,474                |
| <b>Total current assets</b>                           |             | <b>262,686,072</b>    | <b>237,070,789</b>        |
| <b>Non-current assets</b>                             |             |                       |                           |
| Accounts receivable from related parties, non-current | 10          | 100,803,929           | 118,369,426               |
| Equity-accounted investees                            | 12          | 13,613,370            | 12,944,724                |
| Intangible assets other than goodwill                 | 13          | 2,632,129             | 2,848,211                 |
| Property, plant and equipment                         | 14          | 1,378,904,886         | 1,358,754,390             |
| Investment property                                   | 15          | 32,185,573            | 32,196,587                |
| <b>Total non-current assets</b>                       |             | <b>1,528,139,887</b>  | <b>1,525,113,338</b>      |
| <b>Total assets</b>                                   |             | <b>1,790,825,959</b>  | <b>1,762,184,127</b>      |

The accompanying notes 1 to 36 are an integral part of these interim consolidated financial statements.

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2020 and December 31, 2019 (In thousands of Chilean pesos - ThCLP\$)

| Liabilities   | Note<br>No. | As of June 30<br>2020 | As of December 31<br>2019 |
|---|-------------|-----------------------|---------------------------|
| <b>Liabilities and equity</b>                       |             | <b>ThCLP\$</b>        | <b>ThCLP\$</b>            |
| <b>Liabilities</b>                                  |             |                       |                           |
| <b>Current liabilities</b>                          |             |                       |                           |
| Other financial liabilities, current                | 17          | 19,850,030            | 15,708,338                |
| Trade and other payables                            | 18          | 33,152,686            | 56,387,677                |
| Provisions for employee benefits                    | 19          | 2,596,922             | 2,499,451                 |
| Other non-financial liabilities, current            | 20          | 62,866,823            | 57,165,252                |
| <b>Total current liabilities</b>                    |             | <b>118,466,461</b>    | <b>131,760,718</b>        |
| <b>Non-current liabilities</b>                      |             |                       |                           |
| Other financial liabilities, non-current            | 17          | 1,526,012,743         | 1,388,657,577             |
| Other provisions                                    | 34          | 3,474,229             | 3,711,535                 |
| Provisions for employee benefits                    | 19          | 3,749,642             | 3,669,396                 |
| Other non-financial liabilities, non-current        | 20          | 502,007,171           | 567,989,116               |
| <b>Total non-current liabilities</b>                |             | <b>2,035,243,785</b>  | <b>1,964,027,624</b>      |
| <b>Total liabilities</b>                            |             | <b>2,153,710,246</b>  | <b>2,095,788,342</b>      |
| <b>Equity</b>                                       |             |                       |                           |
| Issued capital                                      | 21          | 410,777,044           | 410,777,044               |
| Accumulated deficit                                 |             | (1,900,448,743)       | (1,870,979,466)           |
| Other reserves                                      |             | 1,126,787,395         | 1,126,598,190             |
| <b>Equity attributable to owners of the Company</b> |             | <b>(362,884,304)</b>  | <b>(333,604,232)</b>      |
| Non-controlling interests                           |             | 17                    | 17                        |
| <b>Total equity</b>                                 | 21          | <b>(362,884,287)</b>  | <b>(333,604,215)</b>      |
| <b>Total liabilities and equity</b>                 |             | <b>1,790,825,959</b>  | <b>1,762,184,127</b>      |

The accompanying notes 1 to 36 are an integral part of these interim consolidated financial statements.

**EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES**

**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the six month periods ended June 30, 2020 and 2019

| Statement of Comprehensive Income  | Note No. | 01.01.2020<br>06.30.2020 | 01.01.2019<br>06.30.2019 | 04.01.2020<br>06.30.2020 | 04.01.2019<br>06.30.2019 |
|--|----------|--------------------------|--------------------------|--------------------------|--------------------------|
|  |          | ThCLP\$                  | ThCLP\$                  | ThCLP\$                  | ThCLP\$                  |
| <b>Statement of income</b>   |          |                          |                          |                          |                          |
| <b>Profit (loss)</b>   |          |                          |                          |                          |                          |
| Revenue  | 22       | 41,552,993               | 43,949,069               | 20,268,547               | 22,432,611               |
| Cost of sales  | 23       | 39,482,087               | 42,559,826               | 19,256,429               | 20,710,008               |
| <b>Gross margin</b>  |          | <b>2,070,906</b>         | <b>1,389,243</b>         | <b>1,012,118</b>         | <b>1,722,603</b>         |
| Financial assets measured at amortized cost  | 25       | 1,310,466                | 1,666,293                | 1,462,587                | 1,219,589                |
| Administrative expenses  | 24       | (10,176,425)             | (10,928,928)             | (5,031,378)              | (6,589,925)              |
| Other income   | 26       | 21,135,398               | 25,008,196               | 9,704,443                | 13,496,282               |
| Finance income   | 27       | 59,872                   | 711,958                  | 116,244                  | 603,128                  |
| Finance cost   | 27       | (26,803,369)             | (25,743,974)             | (13,467,983)             | (13,237,899)             |
| Share of profit (loss) of equity-accounted investees   | 12       | 327,724                  | 759,837                  | 17,194                   | 393,110                  |
| Exchange rate variances  | 28       | 361,833                  | 157,582                  | (69,084)                 | (5,595)                  |
| (Loss) gain on indexation units  | 28       | (17,747,998)             | (15,817,027)             | (4,655,800)              | (15,690,053)             |
| Profits (losses) arising from the difference between the previous carrying value and the fair value of reclassified financial assets |          | -                        | -                        | -                        | -                        |
| <b>Loss, before tax</b>  |          | <b>(29,461,590)</b>      | <b>(22,796,820)</b>      | <b>(10,911,659)</b>      | <b>(18,088,760)</b>      |
| Income tax expense   | 16       | (7,690)                  | (146,932)                | (7,690)                  | (77,932)                 |
| <b>Loss from continuing operations</b>   |          | <b>(29,469,280)</b>      | <b>(22,943,752)</b>      | <b>(10,919,349)</b>      | <b>(18,166,692)</b>      |
| <b>Net loss for the period</b>   |          | <b>(29,469,280)</b>      | <b>(22,943,752)</b>      | <b>(10,919,349)</b>      | <b>(18,166,692)</b>      |
| <b>Other comprehensive income before taxes, cash flow hedges</b>   |          |                          |                          |                          |                          |
| (Loss) gain on cash flow hedges before taxes   | 21       | 16,978                   | (7,083)                  | 16,733                   | (9,581)                  |
| Actuarial loss   |          | (252,252)                | (283,609)                | (59,492)                 | (823,981)                |
| Mark to market adjustment on investments - fair value through other comprehensive income   |          | (58,094)                 | (349,762)                | (107,481)                | -                        |
| Other comprehensive (loss) income  |          | <b>(293,368)</b>         | <b>(640,454)</b>         | <b>(150,240)</b>         | <b>(833,562)</b>         |
| <b>Total comprehensive (loss) income</b>   |          | <b>(29,762,648)</b>      | <b>(23,584,206)</b>      | <b>(11,069,589)</b>      | <b>(19,000,254)</b>      |
| <b>Comprehensive (loss) income attributable</b>  |          |                          |                          |                          |                          |
| Comprehensive loss attributable to the parent  |          | (29,762,645)             | (23,584,203)             | (11,069,586)             | (19,000,251)             |
| Comprehensive loss attributable to non-controlling interest  |          | (3)                      | (3)                      | (3)                      | (3)                      |
| <b>Comprehensive loss</b>  |          | <b>(29,762,648)</b>      | <b>(23,584,206)</b>      | <b>(11,069,589)</b>      | <b>(19,000,254)</b>      |

The accompanying notes 1 to 36 are an integral part of these interim consolidated financial statements.

**EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES**  
**Interim Consolidated Statements of Changes in Net Equity**  
**For the six month periods ended June 30, 2020 and 2019**

For the six month period ended June 30, 2020

| Statement of Changes in Equity                             | Note      | Issued capital | Cash flow hedging reserves | Actuarial reserves | Mark to market adjustment on investments at fair value through other comprehensive income | Other reserves | Retained earnings | Equity attributable to owners of the Company | Non-controlling interest | Total         |
|--|-----------|----------------|----------------------------|--------------------|---|----------------|-------------------|--|--------------------------|---------------|
|  | No.       | ThCLP\$        | ThCLP\$                    | ThCLP\$            | ThCLP\$   | ThCLP\$        | ThCLP\$           | ThCLP\$                                      | ThCLP\$                  | ThCLP\$       |
| <b>Balance as of 01/01/2020</b>                            | <b>21</b> | 410,777,044    | (487,940)                  | (5,689,487)        | 396,248   | 1,132,379,369  | (1,870,979,466)   | (333,604,232)                                | 17                       | (333,604,215) |
| <b>Changes in equity</b>                                   |           |                |                            |                    |   |                |                   |  |                          |               |
| Other comprehensive income                                 |           | -              | 16,978                     | (252,252)          | (58,094)  | -              | -                 | (293,368)                                    | -                        | (293,368)     |
| Profit (loss) for the period                               |           | -              | -                          | -                  | -   | -              | (29,469,277)      | (29,469,277)                                 | (3)                      | (29,469,280)  |
| Increase (decrease) by other contributions from the owners |           | -              | -                          | -                  | -   | -              | -                 | -  | -                        | -             |
| Increase (decrease) through transfers and other changes    |           | -              | -                          | -                  | -   | 482,573        | -                 | 482,573                                      | 3                        | 482,576       |
| <b>Total of changes in equity</b>                          |           | -              | 16,978                     | (252,252)          | (58,094)  | 482,573        | (29,469,277)      | (29,280,072)                                 | -                        | (29,280,072)  |
| <b>Final Balance at 06/30/2020</b>                         |           | 410,777,044    | (470,962)                  | (5,941,739)        | 338,154   | 1,132,861,942  | (1,900,448,743)   | (362,884,304)                                | 17                       | (362,884,287) |

For the six month period ended June 30, 2019

| Statement of Changes in Equity                             | Note      | Issued capital | Cash flow hedging reserves | Actuarial reserves | Mark to market adjustment on investments at fair value through other comprehensive income | Other reserves | Retained earnings | Equity attributable to owners of the Company | Non-controlling interest | Total         |
|--|-----------|----------------|----------------------------|--------------------|---|----------------|-------------------|--|--------------------------|---------------|
|  | No.       | ThCLP\$        | ThCLP\$                    | ThCLP\$            | ThCLP\$   | ThCLP\$        | ThCLP\$           | ThCLP\$                                      | ThCLP\$                  | ThCLP\$       |
| <b>Balance as of 01/01/2019</b>                            | <b>21</b> | 410,777,044    | (483,014)                  | (5,261,753)        | -   | 1,127,058,432  | (1,813,126,980)   | (281,036,271)                                | 17                       | (281,036,254) |
| <b>Changes in equity</b>                                   |           |                |                            |                    |   |                |                   |  |                          |               |
| Other comprehensive income                                 |           | -              | (7,083)                    | (283,609)          | (349,762)   | -              | -                 | (640,454)                                    | -                        | (640,454)     |
| Profit (loss) for the period                               |           | -              | -                          | -                  | -   | -              | (22,943,749)      | (22,943,749)                                 | (3)                      | (22,943,752)  |
| Increase (decrease) by other contributions from the owners |           | -              | -                          | -                  | -   | (556,343)      | -                 | (556,343)                                    | -                        | (556,343)     |
| Increase (decrease) through transfers and other changes    |           | -              | -                          | -                  | -   | -              | -                 | -  | -                        | -             |
| <b>Total of changes in equity</b>                          |           | -              | (7,083)                    | (283,609)          | (349,762)   | (556,343)      | (22,943,749)      | (24,140,546)                                 | (3)                      | (24,140,549)  |
| <b>Final Balance at 06/30/2019</b>                         |           | 410,777,044    | (490,097)                  | (5,545,362)        | (349,762)   | 1,126,502,089  | (1,836,070,729)   | (305,176,817)                                | 14                       | (305,176,803) |

The accompanying notes 1 to 36 are an integral part of these interim consolidated financial statements.

**EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES**  
**CASH FLOW CONSOLIDATED STATEMENTS, DIRECT METHOD**  
For the six month periods ended Jun 30, 2020 and 2019

| Consolidated Statements of Cash Flows, Direct Method  | Note | 01.01.2020<br>06.30.2020   | 01.01.2019<br>06.30.2019   |
|---|------|----------------------------|----------------------------|
|   | No.  | ThCLP\$                    | ThCLP\$                    |
| <b>Cash flows from operating activities</b>   |      |                            |                            |
| <b>Receipts cash flows from operating activities</b>  |      |                            |                            |
| Cash receipts from sales of goods and services  |      | 23,980,429                 | 32,302,916                 |
| Other receipts from operating activities  |      | 1,934,876                  | 4,425,704                  |
| <b>Payment categories</b>   |      |                            |                            |
| Payments to suppliers for goods and services provided   |      | (51,846,965)               | (44,543,714)               |
| Payments to and on behalf of employees  |      | (17,902,847)               | (16,835,008)               |
| <b>Net cash flows from (used in) operating activities</b>   |      | <b><u>(43,834,507)</u></b> | <b><u>(24,650,102)</u></b> |
| <b>Cash flows from investing activities</b>   |      |                            |                            |
| Amounts from sales property, plant and equipment  |      | 27,963                     | 118,453                    |
| Purchases of property, plant and equipment  | 14 b | (38,563,671)               | (39,511,882)               |
| Purchases of intangible assets  | 13   | (88,980)                   | (127,561)                  |
| Proceeds from State grants  |      | 17,399,332                 | 29,624,477                 |
| Taxes refunded (27 BIS)   |      | 6,400,943                  | 494,846                    |
| Dividends received (Ipesa)  | 12   | 158,313                    | 515,466                    |
| Net decrease (increase) from investments in term deposit over 90 days                                     |      | 11,956,439                 | (61,674,287)               |
| <b>Net cash flows from (used in) investing activities</b>   |      | <b><u>(2,709,661)</u></b>  | <b><u>(70,560,488)</u></b> |
| <b>Cash flows from financing activities</b>   |      |                            |                            |
| Proceeds from the issuance of bonds   |      | 123,026,995                | 116,058,904                |
| Proceeds from the bank credits  |      | 1,800,000                  | -                          |
| Proceeds from loans   |      | -                          | (16,810,250)               |
| <b>Net cash flows from (used in) financing activities</b>   |      | <b><u>124,826,995</u></b>  | <b><u>99,248,654</u></b>   |
| <b>Net increase (decrease) in cash and cash equivalents before effect of changes in the exchange rate</b> |      | <b><u>78,282,827</u></b>   | <b><u>4,038,064</u></b>    |
| <b>Net increase (decrease) in cash and cash equivalents</b>   |      | <b><u>78,282,827</u></b>   | <b><u>4,038,064</u></b>    |
| Cash and cash equivalents at beginning of the period  | 6    | 44,143,605                 | 45,486,648                 |
| <b>Cash and cash equivalents at end of the period</b>   | 6    | <b><u>122,426,432</u></b>  | <b><u>49,524,712</u></b>   |

The accompanying notes 1 to 36 are an integral part of these interim consolidated financial statements.

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EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
As of June 30, 2020 and December 31, 2019 and for the three-month periods ended June 30, 2020  
and 2019

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**1. Nature, activities, legal environment and composition of the group**

Empresa de los Ferrocarriles del Estado (hereinafter referred to as the “Company” or “EFE”) is a public sector entity not subject to International Public Sector Accounting Standards which is 100%-owned by the State of Chile. Nevertheless, EFE is an autonomous entity and has its own assets.

EFE is related to the Chilean State through the Ministry of Transport and Telecommunications and is ruled by Decree with Force of Law (or “DFL”) No. 1 of the year 1993 of the Ministry of Transport and Telecommunications. It is also registry in the Securities Registry of the Financial Market Commission (referred to as CMF) under number 253.

a) Company’s corporate purpose and home-office

EFE’s corporate purpose is to establish, develop, promote, maintain and provide passenger and cargo transportation services by railroads or similar systems, as well as supplementary transportation services, regardless of the means used, including all related activities needed to properly fulfill its purpose. The company’s corporate purpose also includes commercial operation of its own assets.

The Company may fulfill this corporate purpose directly, or by entering into contracts, by granting concessions or by the constitution of companies which must be governed by the same regulations as those applicable to publicly traded corporations.

EFE’s home-office is in the city of Santiago, Morandé N° 115 piso 6”.

b) Regulations applicable to the Company’s legal acts and contracts

All legal acts and contracts carried out by the Company in the pursuit of its lines of business are governed by the rules of Chilean private law provided, that they are compatible with the provisions of DFL No. 1 dated 1993 of the Ministry of Transport and Telecommunications.

c) Reporting to regulator

EFE is subjected to the financial and accounting standards which regulate publicly traded corporations. Its annual and half-yearly statements of financial position are subjected to audits, and interim reviews, respectively, by auditing firms with recognized prestige. (See note 2.2 for compliance statement with respect to accounting framework.)

According to Article 10th of Law 20.285, EFE must provide to the Financial Market Commission the same information as that provided by publicly traded corporations operating under Law No18.046.

d) Labor laws and regulations applicable to Company employees

Company workers are regulated by DFL No. 1, by the provisions of the Chilean Labor Code and by DFL No. 3 dated 1980 of the Ministry of Transport and Telecommunications. Accordingly, regulations for state workers or workers employed by State-owned companies are not applicable to EFE’s workers. For all legal purposes, EFE’s workers are considered private sector workers.

**EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
As of June 30, 2020 and December 31, 2019 and for the three-month periods ended June 30, 2020  
and 2019

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e) Description of Company assets

EFE has its own assets and are represented by the following:

1. Railroads, including their facilities and related property, transferred by the Chilean State to the Company;
2. The land occupied by the railways, and by their facilities and related property;
3. Buildings, facilities, artwork and other constructions which are permanently assigned to the Company by the Chilean State;
4. Rolling stock, equipment, machinery, tools, spare parts, supplies, stocks and fixtures;
5. Concessions and privileges for as long as they are in force;
6. Proceeds earned from the operations of its assets;
7. Income from the sale of its assets;
8. Annual funds allocated to the Company under the country's Budget enacted into law as well as funds assigned to the Company by other Laws and Decrees, and
9. In general, all the real estate and non-real estate properties and associated rights acquired by the Company under any title.

f) The Consolidated Group

EFE separates the operation of its real estate, cargo operators services and passenger transportation services. Passenger transportation services are provided by three subsidiaries which are all publicly traded corporations. Aspects related to the development of railway infrastructure and service management to cargo operating companies are managed by the parent company.

EFE has a significant majority interest in its subsidiaries; therefore, it exercises control over the following companies, which in accordance with current regulations, have been consolidated:

| Taxpayer No  | Company name                               | Country origin | Functional currency | CMF inscription No. | Percentage of ownership |            |         |            |
|--------------|--|----------------|---------------------|---------------------|-------------------------|------------|---------|------------|
|              |  |                |                     |                     | 06.30.2020              |            |         | 12.31.2019 |
|              |  |                |                     |                     | Direct %                | Indirect % | Total % | Total %    |
| 96.756.340-4 | Inmobiliaria Nueva Vía S.A.                | Chile          | CLP                 | 575                 |                         |            |         | 99.9999    |
| 96.766.340-9 | Metro Regional de Valparaíso S.A.          | Chile          | CLP                 | 587                 | 99.9998                 | 0.0002     | 99.9999 | 99.9999    |
| 96.756.310-2 | Ferrocarriles del Sur S.A.                 | Chile          | CLP                 | 18                  | 99.9999                 | 0.0001     | 99.9999 | 99.9999    |
| 96.756.320-K | Trenes Metropolitanos S.A.                 | Chile          | CLP                 | 19                  | 99.9999                 | 0.0001     | 99.9999 | 99.9999    |
| 96.769.070-8 | Ferrocarril de Arica a La Paz S.A.         | Chile          | CLP                 | 578                 | 99.9995                 | 0.0005     | 99.9999 | 99.9999    |
| 96.756.300-5 | Servicio de Trenes Regionales Terra S.A.   | Chile          | CLP                 | 274                 | 99.9000                 | 0.0999     | 99.9999 | 99.9999    |
| 96.756.330-7 | Infraestructura y Tráfico Ferroviario S.A. | Chile          | CLP                 | 577                 | 99.9000                 | 0.0999     | 99.9999 | 99.9999    |

In order to generate new corporate synergies to increase the Company's efficiency, Inmobiliaria Nueva Vía S.A. was merged into the EFE on December 23, 2019.

The financial information regarding ownership in Group companies is presented in Note 3.2.

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## 2. Basis of preparation and presentation of the consolidated financial statements

### 2.1 Reporting period

The consolidated financial statements (hereinafter “financial statements”) cover the following periods: Consolidated Statements of Financial Position as of June 30, 2020 and December 31, 2019; Consolidated Statements of Changes in Equity for the three-month periods ended June 30, 2020 and 2019; Consolidated Statements of Comprehensive Income for the six-month periods ended June 30, 2020 and 2019; Consolidated Statements of Cash Flows for the six-month periods ended June 30, 2020 and 2019. For the year 2020, period there have been some reclassifications made for comparative purposes.

### 2.2 Basis of preparation

#### a) Compliance Statement

These interim consolidated financial statements from Empresa de Ferrocarriles del Estado and subsidiaries as of June 30, 2020 and December 31, 2019 and for the six-month periods ended June 30, 2020 and 2019, have been prepared in accordance with the regulations and guidelines issued by the Financial Market Commission (formerly known as SVS) which includes the application of International Financial Reporting Standards issued by the International Accounting Standards Board (hereinafter IASB), except for the application of the International Accounting Standard No. 36 - Impairment of assets:

- Instead, the Financial Market Commission on February 16, 2011, authorized EFE and its subsidiaries to apply the International Public Sector Accounting Standard (IPSAS) No. 21 Impairment of Non-Cash-Generating Assets. Note 3.10 provides details the application of the IPSAS No. 21.

These interim consolidated financial statements have been approved in the ordinary Board of Directors Meeting held on August 03, 2020.

#### Going concern

As of June 30, 2020, EFE’s Consolidated Statement of Financial Position records negative equity amounting to ThCLP\$ 362.884.287 (ThCLP\$ 333.604.215 in 2019) and a loss for the respective six-month periods amounting to ThCLP\$ 29.469.280 and ThCLP\$ 23.584.206 for 2020 and 2019, respectively. Notwithstanding, these interim consolidated financial statements have been prepared under the “going concern” principle since EFE is a State-owned company that gets funds from the Ministry of Transport and Telecommunications under the Country’s Budget Law each year. The Country’s Budget Law was passed for 2020 and allocates ThCLP\$ 128.216.733 in funds to EFE. On the other hand, another relevant factor with respect to the going concern principle is the approval of funds for the Company’s three-year development plan which includes investments of assets with up to 30-year useful lives in some cases. Finally, Management also notes that an important part of EFE’s debt is State-guaranteed (note 35) and directly paid to creditors by the Chilean State through the Tesorería General de la República (General Treasury of the Republic).

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b) Use of estimates and judgments

In preparing the interim consolidated financial statements, certain estimates made by management were used, to quantify some of the assets, liabilities, income, expenses and commitments reported herein. These estimates mainly involve the following:

- The assessment of potential impairment losses (trade receivables and fixed assets)
- The parameters used in the actuarial calculation of the liabilities with the employees.
- The useful lives and residual values of property, plants and equipment and intangible assets.

Although these estimates were made based on the best information available at the date of issuance of these interim consolidated financial statements, it is possible that events that could take place in the future would require modifications (upwards or downwards) in future periods, which would be carried out prospectively, recognizing the effects of changes in estimates in the related future interim consolidated financial statements.

c) Classification of assets and liabilities

In the interim consolidated statements of financial position, balances are classified based on maturity, i.e. current balances mature in no more than twelve months and non-current balances in more than twelve months.

When the Company has any obligations that mature in less than twelve months but can be refinanced over the long term at the Company's discretion, through unconditionally available credit agreements with long-term maturities, such obligations are classified as non-current liabilities.

d) Functional and presentation currency

These interim consolidated financial statements and their explanatory notes are presented in Chilean pesos (CLP), which is the functional and presentation currency of the Company and its subsidiaries, that have been rounded up to thousands of Chilean pesos (ThCLP\$), except where otherwise indicated.

e) Fair value measurement

Some of the Group's accounting policies and disclosures require fair value measurement of both financial and non-financial assets and liabilities.

Management regularly reviews significant observable variables (as related to fair value measurement), as well as non-observable variables if necessary, and makes valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair values, management evaluates the evidence obtained from third parties to support the conclusion that those valuations meet IFRS requirements, including the level within the fair value hierarchy within which those valuations should be classified.

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Fair values are classified at different levels in the hierarchy of fair value that is based on variables used in valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for assets or liabilities that are not based on observable market data (significant unobservable input). See table in note 30.

### **3. Significant accounting policies**

The accounting policies described below have been consistently applied to all the periods presented in these interim consolidated financial statements and by the subsidiaries include in the annual and semi-annual consolidated.

#### **3.1 Investment in related entities and non-controlling associates**

These are entities over which the Company has significant influence but has no control. Investments in associates are accounted for using the equity method and are initially recognized at cost.

The Company's share in the losses or profit subsequent to the acquisition of its associates is recognized in profit or loss. If such associate adopts certain accounting policies that imply to temporarily recognize effects in other comprehensive income, the EFE also recognizes its corresponding share in such accounts.

#### **3.2 Basis and method of consolidation**

The consolidation with the controlled subsidiaries has been carried out by applying the "full consolidation" method which includes in the interim consolidated financial statements all the assets, liabilities, income, expenses and cash flows once the intercompany eliminations for certain transactions and unrealized profits or losses have been made.

EFE applies the policy consisting of considering transactions with non-controlling interests as items to be separately presented. Non-controlling interests represent a part of the profit or loss and net assets of certain subsidiaries, which the parent company does not control and are presented in the consolidated statements of income and equity, separated from the owner's equity.

The summary of the financial information for consolidated subsidiaries of EFE considering the Consolidated Statement of Financial Position as of June 30, 2020 and December 31, 2019 and the Interim Consolidated Statements of Comprehensive Income for the six-month periods ended June 30, 2020 and 2019 is as follows:

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(1) Information of the Consolidated Statement of Financial Position:

|  |             | As of June 30, 2020 |                    |              |                     |                         |              |
|--|-------------|---------------------|--------------------|--------------|---------------------|-------------------------|--------------|
| Company name                               | % Ownership | Current assets      | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Equity       |
|  |             | ThCLP\$             | ThCLP\$            | ThCLP\$      | ThCLP\$             | ThCLP\$                 | ThCLP\$      |
| Metro Regional de Valparaíso S.A.          | 99.9999562  | 6,602,630           | 100,559,184        | 107,161,814  | 14,529,248          | 45,364,591              | 47,267,975   |
| Ferrocarriles del Sur S.A.                 | 99.9997305  | 14,553,819          | 44,302,593         | 58,856,412   | 6,076,062           | 64,169,906              | (11,389,556) |
| Trenes Metropolitanos S.A.                 | 99.9999271  | 2,014,649           | 55,737,811         | 57,752,460   | 17,841,930          | 49,444,612              | (9,534,082)  |
| Ferrocarril de Arica a La Paz S.A.         | 99.9000000  | 103,453             | 92,178             | 195,631      | 85,571              | -                       | 110,060      |
| Servicio de Trenes Regionales Terra S.A.   | 99.9997832  | -                   | 23                 | 23           | 2,441               | 8,484,736               | (8,487,154)  |
| Infraestructura y Tráfico Ferroviario S.A. | 99.9000000  | 196                 | 110                | 306          | 20,619              | 68,244                  | (88,557)     |

|  |             | As of December 31, 2019 |                    |              |                     |                         |             |
|--|-------------|-------------------------|--------------------|--------------|---------------------|-------------------------|-------------|
| Company name                               | % Ownership | Current assets          | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Equity      |
|  |             | ThCLP\$                 | ThCLP\$            | ThCLP\$      | ThCLP\$             | ThCLP\$                 | ThCLP\$     |
| Inmobiliaria Nueva Vía S.A.                | 99.9994795  | 409,174                 | 29,924,776         | 29,827,839   | 422,191             | 1,757,188               | 28,154,571  |
| Metro Regional de Valparaíso S.A.          | 99.9999562  | 8,353,693               | 101,817,930        | 110,171,623  | 13,299,745          | 45,405,453              | 51,466,425  |
| Ferrocarriles del Sur S.A.                 | 99.9997305  | 6,420,720               | 44,430,342         | 50,851,062   | 4,467,627           | 55,767,313              | (9,383,878) |
| Trenes Metropolitanos S.A.                 | 99.9999271  | 4,163,097               | 56,348,991         | 60,512,088   | 17,796,407          | 49,729,838              | (7,014,157) |
| Ferrocarril de Arica a La Paz S.A.         | 99.9000000  | 69,042                  | 100,588            | 169,630      | 59,570              | -                       | 110,060     |
| Servicio de Trenes Regionales Terra S.A.   | 99.9997832  | -                       | 23                 | 23           | 2,238               | 8,482,597               | (8,484,812) |
| Infraestructura y Tráfico Ferroviario S.A. | 99.9000000  | 196                     | 110                | 306          | 19,755              | 68,243                  | (87,692)    |

(2) Information of the Interim Consolidated Statements of Comprehensive Income:

| Company name                                | period ended June 30, 2020 |                   | period ended June 30, 2019 |                   | 04.01.2020<br>06.30.2020 |             | 04.01.2019<br>06.30.2019 |            |
|---|----------------------------|-------------------|----------------------------|-------------------|--------------------------|-------------|--------------------------|------------|
|   | Revenue                    | Net income (loss) | Revenue                    | Net income (loss) | Revenue                  | Net income  | Revenue                  | Net income |
|   | ThCLP\$                    | ThCLP\$           | ThCLP\$                    | ThCLP\$           | ThCLP\$                  | ThCLP\$     | ThCLP\$                  | ThCLP\$    |
| Inmobiliaria Nueva Vía S.A.                 | -                          | -                 | 629,973                    | 237,417           | -                        | -           | 344,476                  | 135,486    |
| Metro Regional de Valparaíso S.A.           | 4,403,011                  | (4,198,451)       | 9,004,203                  | (1,200,340)       | 1,059,856                | (2,569,269) | 4,663,663                | (612,921)  |
| Ferrocarriles Suburbanos de Concepción S.A. | 2,248,278                  | (2,005,678)       | 5,157,573                  | (1,234,889)       | 809,545                  | (1,151,017) | 2,349,837                | (740,203)  |
| Tren Central S.A.                           | 6,904,651                  | (2,519,924)       | 10,748,159                 | 57,497            | 1,309,384                | (2,138,111) | 5,514,916                | 237,481    |
| Servicio de Trenes Regionales Terra S.A.    | -                          | (4,686)           | -                          | (4,703)           | -                        | (2,343)     | -                        | (2,281)    |
| Ferrocarril de Arica a La Paz S.A.          | 238,907                    | -                 | 365,480                    | -                 | 125,530                  | -           | 173,457                  | -          |
| Infraestructura y Tráfico Ferroviario S.A.  | -                          | (2,072)           | -                          | (2,339)           | -                        | (1,208)     | -                        | (1,474)    |

### 3.3 Transactions in currencies other than the Chilean peso

a) Transactions and balances in foreign currency and indexation units (UF)

Transactions in foreign currency are translated into the functional currency by using the exchange rates prevailing at the dates of the transactions. Losses and gains resulting from the settlement of these transactions and of the translation at the closing exchange rates of the monetary assets and liabilities denominated in foreign currency, are recognized in the statement of income. The transactions stated in UF are translated to the UF value at the end of each accounting period.

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b) Basis of translation

Assets and liabilities in US dollar (USD), Euros (€) and Unidad de Fomento (UF, an inflation-linked unit of account used in Chile) have been translated into Chilean pesos considering the exchange rates as of the closing date of each period, according to the following:

| Date              | USD    | UF        | EURO (€) |
|-------------------|--------|-----------|----------|
| June 30, 2019     | 679.15 | 27,903.30 | 770.00   |
| December 31, 2019 | 748.74 | 28,309.94 | 820.24   |
| June 30, 2020     | 821.73 | 28,696.42 | 923.40   |

**3.4 Financial instruments**

The Ministry of Finance authorized in Circular Letter No. 36 dated 2006 that certain public sector entities not subject to International Public Sector Accounting Standards (including EFE) to participate in the capital markets, either through investments in time deposits, repurchase agreements and mutual fund units. It also authorized companies to carry out operations in the derivatives market, such as futures, forwards, options and swaps, so that the Company and subsidiaries can hedge the risks of underlying assets, liabilities or cash flows. However, and since EFE presents an operational deficit and as it also has a significant portion of its debt guaranteed by the Chilean State, the Dirección de Presupuesto (Budget and Treasury Department) (DIPRES, acronym in Spanish) does not authorize the Company to enter into forward exchange contracts to hedge itself against exchange rate fluctuations related to existing financial debt denominated in a foreign currency as the State covers these payments and therefore directly bears those costs and risks.

**3.4.1 Financial assets other than derivatives**

The Company classifies its financial assets in accordance with IFRS 9, in the following valuation categories: at amortized cost, at fair value through profit or loss, at fair value in other comprehensive income (equity). Management determines the classification of its financial assets at initial recognition.

The Company classifies its financial assets into three categories, excluding investments accounted for using the equity method and those held for sale:

**Financial assets at amortized cost**

A financial asset must be measured at amortized cost, if the following two conditions are met:

- a) The financial asset is held within a business model whose purpose is to hold the financial asset/s to obtain contractual cash flows and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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With respect to the requirements of “IFRS 7 Financial Instruments: Disclosures,” Management considers that the carrying value of the assets measured at amortized cost, is a reasonable approximation of fair value. Therefore, as indicated in IFRS 7, disclosure of the fair values of such assets is not required.

**Financial assets at fair value through other comprehensive income**

A financial asset should be measured at fair through other comprehensive income, if the following two conditions are met:

- a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through profit or loss**

A financial asset should be measured at fair value through profit or loss, unless measured at amortized cost or at fair value through other comprehensive income.

When a derivative financial instrument is not designated as a hedging instrument, all changes in fair value are recognized immediately in profit or loss.

**Trade and other accounts receivable and due from related companies**

Trade accounts receivable are recognized initially at fair value (nominal amount that includes an implicit interest) and subsequently at amortized costs by the effective interest method, less the provision for impairment. The provision is established for expected credit losses over the life of the asset, at each balance sheet date, applying the simplified approach for trade accounts receivable.

The Company is using the simplified method, which incorporates historical collection information for each tranche/stratification of its accounts receivable for the last three years (using a matrix where the provision is stratified by maturity or default per days) and additionally includes the expected losses projected by the statistical calculation of "forward looking" information, which takes into account the most relevant changes in macroeconomic factors that may affect the collectability and the estimation is based therefore on the likelihood of each one of these scenarios.

Trade receivables are presented net of the provision for uncollectable trade accounts receivables and the associated loss is recognized through other comprehensive income.



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**3.4.2 Cash and cash equivalents**

The consolidated statement of financial position records cash on hand and bank checking accounts, time deposits and other short-term, highly liquid investments that are readily convertible to cash and have an insignificant risk of change in value. Investments included in this item mature in a maximum period of 90 days. The financial resources transferred to EFE by the State are controlled in specified funds, so they can be exclusively allocated for the purposes they were received.

**3.4.3 Derivative instruments and cash flow hedging operations**

The derivatives mainly correspond to operations contracted by the related company Inmobiliaria Paseo Estación S.A. to hedge against fluctuations in the exchange rate. These hedging instruments are recorded at fair value under the item “Other financial assets” or “Other financial liabilities,” as applicable. The changes in fair value are recorded in other comprehensive income under “Cash Flow Hedges.”

Exchange differences associated with financial liabilities settled directly by the State are recorded directly in the period’s profit or loss.

**3.5 Inventories**

Inventories are valued at the lower of acquisition cost and net realizable value. The cost method used is the weighted average cost which includes disbursements incurred during the acquisition and transfer.

No impairment charges have been recorded for this group of assets.

**3.6 Assets held for sale**

The land for railways that is expected to be sold in a term equal to or less than twelve months is valued at the lower of cost and net realizable value. The net realizable value is the estimated selling price of an asset in an ordinary course of business less the estimated cost to complete its production and those costs necessary to carry out the sale.

### 3.7 Property, plant and equipment

#### a) Initial recognition

The Company uses the cost model for property, plant and equipment. After being recognized as an asset, the components of property, plant and equipment are accounted for at cost less accumulated depreciation, in accordance, with IAS 16.

The cost of assets includes the following:

- Financial expenses accrued during the construction period that are directly assigned to the acquisition, construction or production of assets.
- Employee expenses directly related to construction in progress.
- Temporary maintenance services costs which are unavoidable during the construction period are capitalized when the costs are incurred and are essential to put the assets in operating condition.
- Temporary service interruption costs.

The works in progress are transferred to working assets once the test period when they become available for use has been completed, which is the starting point for their depreciation.

#### b) Subsequent costs

- Expansion, modernization and improvement costs that represent an increase in productivity, capacity or efficiency or an extension of useful life are capitalized as a cost increase to the related assets.
- Replacement or renovations of components that increase the asset's useful life, or its economic capacity, are recorded as an increase in value for the respective assets, and the replaced or overhauled components are derecognized.
- Railroad rehabilitation and preservation costs, which are incurred to maintain the standard of service, are capitalized when the activities carried out increase the asset's useful life.
- Major rolling stock maintenance expenses, including, among other items, inspection and replacement of parts and pieces, are capitalized as an asset separate from the main asset, as far as they meet the conditions established for recognition in IAS 16. the cost of the replaced parts is recognized separately from the main asset.
- Repair, conservation and maintenance expenses are charged to profit or loss of the period in which they are incurred. It is worth mentioning that some of EFE's property, plants and equipment items require periodic checks. In this regard, replaced items are recognized separately from the rest of the asset and at a disaggregation level that allows their amortization in a period between the current replacement and the next scheduled check.

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**c) Depreciation**

- Property, plant and equipment, net where appropriate of their residual value, are depreciated by distributing on a straight-line basis the cost of their various elements over the years of estimated useful life which is the period over which the Company expects to use them. Depreciation methods, useful lives and residual values are reviewed in each period and adjusted if necessary. Land has an indefinite useful life, so it is not depreciated.

Below are the main years of useful life used for the depreciation:

|                                 | <b>Estimated useful life years range</b> |
|---------------------------------|--|
| Land                            | Indefinite                               |
| Communications                  | 30                                       |
| Buildings and constructions     | 2-60                                     |
| Bulldozer and rolling stock (1) | 5-30                                     |
| Railroad infrastructure         | 30-100                                   |
| Catenary lines                  | 20-36                                    |
| Machinery and tools             | 10-20                                    |
| Sign posts                      | 7-30                                     |
| Substations                     | 2-50                                     |
| Railroad tracks                 | 7-50                                     |
| Furniture and fixture           | 5-6                                      |

(1) Considering rolling stock in use, a useful life and straight-line amortization is applied. Major maintenance is capitalized as a separate component and amortized over a period that extends to the next major maintenance.

- Gains or losses arising on the disposal or removal of Property, plant and equipment assets are recognized as profit or loss for the period and are calculated as the difference between the selling price and the net book value of the asset.

### **3.8 Investment properties**

Investment properties include land and buildings kept with the purpose to obtain capital gains or rental incomes. The cost model was used in the initial and subsequent measurements.

During the transition year to IFRS (2009), the Company revalued its investment properties and considered this amount as deemed cost by using the exemption as established in IFRS 1 “First-time adoption.” Any gain or loss from the sale of an investment property is recognized in profit or loss.

### **3.9 Intangible assets**

These mainly correspond to computer licenses and are valued according to the cost model. Subsequent to the initial recognition, the intangible assets are accounted for at cost less accumulated amortization and impairment losses, if any. This group of assets is amortized on a straight-line basis over the estimated useful life of 5 years. Amortization methods, useful lives and residual values are reviewed in each fiscal period and adjusted if necessary.

### **3.10 Impairment of non-financial assets**

Under IAS 36 “Impairment of assets,” a Company calculates as impairment of its assets the difference between the recoverable value and the book value, if the book value is higher. To establish the recoverable value, the greater of fair value and value in use is used.

IAS 36 does not provide valuation criteria for cash flows received by public entities, since such standard only corresponds to companies whose main purpose is to obtain economic benefits, and not to provide public services under a criterion of social profitability. Therefore, it is not possible for EFE to apply the impairment standards considering criteria established in IAS 36.

As per Letter 4887 dated on 02/16/2011, SVS authorized Empresa de los Ferrocarriles del Estado and subsidiaries to apply exceptionally the International Public Sector Accounting Standard (IPSAS) 21 which replaces the International Accounting Standard IAS 36, to determine the impairment of its assets.

This standard defines the value in use of a non-cash-generating asset as the present value of an asset keeping its potential service. The present value of an asset keeping its potential service is determined using the depreciated replacement cost approach or the refurbishing cost approach. As a result of IFRS adoption during 2010, the main assets of the Company and its subsidiaries have been recorded at depreciated replacement cost which, in turn, has not resulted in an impaired value for its fixed assets.

However, under specific circumstances in which certain assets lose their service potential, the loss of value should be directly recognized in profit or loss.

#### **a) Impairment of financial assets**

Regarding impairment of financial assets, IFRS 9 requires the use of a model of expected credit losses versus the model of incurred credit losses under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses on each reporting date to reflect changes in credit risk since initial recognition. In other words, it is not necessary for an impairment event to occur in order for credit losses to be recognized.

IFRS 9 also establishes a simplified approach to measuring the provision (for certain financial assets described below) at an amount equal to the expected credit losses, over the life of the asset for trade accounts receivable, contract assets and accounts receivable for lease under certain circumstances.

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As of January 1, 2018, the Management of the Company and its subsidiaries reviewed and assessed for impairment the financial assets, amounts due from customers and financial guarantee contracts of the Company and its subsidiaries using reasonable and sustainable information in accordance with IFRS 9 to determine the credit risk associated with the respective financial assets on the date they were initially recognized, and compared it with the credit risk as of January 1, 2018. They concluded that the application of IFRS 9 did not have a significant impact.

### **3.11 Leases**

- **The Company as lessee**

In accordance with IFRS 16 and as of the start date of the lease, the lessee must recognize a right of use asset and a lease liability. The Standard defines the start date of a lease as the date on which the lessor makes the underlying asset available for use to the lessee. Subsequently, the valuation of the right to use asset will be based on the cost model or on the revaluation model under IAS 16, thus recognizing amortization and impairment through profit and loss. EFE has classified in this category truck rentals used by the company in its daily operations.

- **The Company as lessor - operating lease**

The lessor will recognize the operating lease payments as income, either through straight-line recognition or through a different systematic method, if the latter represents better the underlying asset consumption model.

- **The Company as lessor - finance lease**

In accordance with IFRS 16 and as of the start date of the lease, the lessor must recognize finance leases in the statement of financial position and present them as receivables for an amount equivalent to the net investment in the lease. Subsequently, the lessor must recognize financial income throughout the lease period based on a model that reflects a constant periodic return on the lessor's net investment in the lease. In this category are the Xtrapolis trains which are leased to Tren Central.

**3.12 Financial liabilities other than derivatives**

Financial liabilities are classified either as “financial liabilities at fair value through profit and loss” or as “other financial liabilities.”

**a) Financial liabilities at fair value through profit or loss (FVTPL):**

Financial liabilities are classified at fair value through profit or loss when these are held for trading or are designated at fair value through profit or loss

IFRS 9 largely preserves the existing requirements of IAS 39 for the classification of financial liabilities. However, under IAS 39 all changes in the fair value of liabilities designated as FVTPL are recognized in profit or loss, whereas under IFRS 9 these changes in fair value are generally presented as follows:

- i) the amount of the change in fair value that is attributable to changes in the liability 's credit risk is presented in the other comprehensive income; and
- ii) the remaining amount of the change in fair value is presented in profit or loss.

**b) Other financial liabilities:**

Other financial liabilities are initially valued at the amount of cash received, net of transaction costs. These mainly correspond to loans contracted with national and international banks, which in most cases have a State guarantee. They are subsequently measured at amortized cost using the effective interest rate method.

Effective interest rate corresponds to the method of calculating the amortized cost of a financial asset or liability and of allocating the interest income (expenses) over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows receivable or payable (including all fees on points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the financial instrument. All the Company's long-term bank liabilities and financial liabilities are accounted for under this method.

Regarding the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that any change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless recognizing such changes in other comprehensive income would create or enlarge a measurement mismatch. Changes in fair value attributable to the credit risk of a financial liability are not subsequently classified to profit or loss. Under IAS 39, the total amount of the change in fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

Loans for investment purposes whose payment will be covered by financial transfers from the Ministry of Transport and Telecommunications are accounted for as indicated in the preceding paragraphs. Nevertheless, an equivalent asset reflecting the right to receive those funds the following year, according to each State's Annual Budget Law, has been recognized. Loans obtained under a Ministry of Transport and Telecommunications guarantee generate neither interest nor indexation to EFE.

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Management believes that the criterion for expected transaction hedges for non-derivative instruments for direct Chilean State financial obligations were documented, meaning that exchange rate differences could be recorded in a different comprehensive income. On February 29, 2012, EFE submitted a request on this matter to confirm this criterion, as a way to validate with the Financial Market Commission (CMF) if the option established by IAS 39 can be exercised. As a conclusion, CMF did not approve it.

The Company applies since the 2012 fiscal year the income method indicated in IAS 20, recognizing the existence of an explicit credit hedge covered with State grants included in the Annual National Budget Law, compensating the effects from the exchange rate related to these debts.

The application of IFRS 9 has not had an impact on the classification and measurement of the Company's financial liabilities.

### **3.13 Provisions**

The obligations as of the date of these interim consolidated financial statements, arisen as a consequence of past events, which could generate for the Company probable cash outflows that can be determined likely, are recorded as provisions in the statement of financial position at the most probable estimated current value of the amount that the Company would have to disburse to pay off the obligation.

The criteria used by EFE to establish provisions are as follows:

- (a) The Company has a present obligation, whether legal or implicit, as a result of past events;
- (b) It is probable that an outflow of resources, including economic benefits, will be necessary to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

Provisions are calculated considering the best available information at the issuance date of the financial statements, on the consequences of the event involved and they are reassessed at each subsequent accounting closing, including the use of, if necessary, the opinion of independent experts, such as legal advisers and consultants.

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**3.14 Employee benefits**

• **Employee vacations**

EFE recognizes the expense for personnel vacations in accordance with the accrual method. Such benefit applies to all personnel and it is recorded according to the pending vacation situation of each worker and respective salaries. Employee vacations are recorded at nominal value.

• **Severance package**

EFE accounts for liabilities for future severance indemnities for its workers based on the provisions of such staff's collective bargaining agreement and individual contracts. If this benefit is agreed upon, the obligation is recorded under IAS 19 as a defined benefit plan according to an actuarial calculation. Defined benefit plans establish the benefit amount an employee will receive at the estimated time of retirement, which usually depends on one or more factors, such as: age, staff turnover, service years and level of compensation, among others.

The liability recognized in the statement of financial position is the present value of the defined benefit obligation plus or minus adjustments for actuarial gains or losses and past service costs. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using the average market interest rates for BCP instruments (Chilean Central Bank Bonds in Chilean pesos) for the same currency in which the benefits and under the terms of the severance indemnity until its expiration will be paid. Changes in such provisions arising from actuarial gains/losses are recognized in other comprehensive income; other variations are recognized in profit and loss as of the period in which they are incurred.

• **Other employee benefits**

The Company provides its workers a paid sick leave benefit, which covers amounts in excess of permitted sick leave. These values are recognized in profit or loss as incurred.

**3.15 Income tax**

As per current Tax Law, there are two income tax regimes: the "attributed system" and the "partially integrated system." EFE has adopted the "partially integrated system", which will be required to use based on legislation that was enacted on February 1, 2016, therefore the corporate tax rate will be 25.5% in 2017 and 27.0% in 2018 and future years.



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### **Deferred taxes**

Deferred tax is measured using the tax rates expected to be applied to temporary differences in the period in which they are reversed.

Except for Inmobiliaria Nueva Via S.A. (INVIA) in 2019, the Parent Company and its subsidiaries have not recorded deferred taxes as they consist of non-recoverable tax loss carryforwards.

### **3.16 Revenue recognition**

The Company and its subsidiaries recognize revenue from the following main sources:

- Passenger transportation service
- Cargo transportation service
- Advertising space leasing, commercial premises and rental housing.
- Public roads crossing and parallelism
- Real estate selling
- Other income

Passenger transportation service: Passenger transportation service revenue is recognized at fair value and is recorded daily based on use (number of trips) when a user passes the transportation card through the turnstile. This number is multiplied by the technical fare.

Cargo transportation service: The freight transport service is mainly carried out by the FEPASA and TRANSAP carrier companies. Access contracts regulate the rights and obligations between EFE and both companies. The carriers are the ones who maintain the direct relationship with the load-generating clients of the various sectors or economic areas. Revenues are recognized over time to the extent that the performance obligation is satisfied.

Advertising space leasing, commercial premises and rental housing. Revenue from operating leases are recognized monthly on an accrual basis.

Public roads crossing and electric lines running parallel to the rails: Revenue from public roads crossing and electric lines running parallel to the rails are recognized monthly on an accrual basis.

Sales of goods: Income from the sale of goods is recognized at the fair value of the consideration, net of estimated reimbursements or provisions, where applicable. Revenue is recognized when the performance obligation is satisfied which is generally when the control of the good is transferred to the buyer. Additionally, where applicable, any associated costs and possible returns of goods would be able to be reliably estimated and recorded. The company would not be involved in the subsequent management of the goods sold.

### **3.17 Distribution of profits**

The distribution of the Company's profits is regulated in Article No. 31 of Empresa de Ferrocarriles del Estado's Organic Law (DFL No. 1 dated 1993), which indicates that annual profits obtained by the Company must be transferred to the State's general income, unless the Company's Board of Directors agrees to withhold all or part of the profit as a capital reserve, as long as not less than five of its seven members approve this decision. The aforementioned agreement is subject to the prior and written authorization of the Ministry of Finance. On the other hand, the same Law indicates that the Company is subject to the regulations that affect publicly traded corporations, in which case the profits to be distributed will be calculated after absorbing accumulated losses from previous periods.

### **3.18 Transfers of funds by the Chilean State**

- **Application of IAS 20**

To account for official grants, IAS 20 establishes two methods: the "asset" method, in which grants will not be recognized in the period's profit and loss and the income method, which recognizes grants in profit and loss of one or more periods. EFE has adopted the income method, that is applied based in the State's Budget Law.

Compensation for infrastructure maintenance expenses transferred by the State is recorded and recognized only up to the amount actually provided by the State during the fiscal year.

With respect to the subsidies by the Government in regards of the EFE's financial obligations, these are presented gross in the profit and loss, see note 26 and 27.

- **Funds from the State's annual budget law**

These are contributions from the State in order to execute the Triennial Investment Plan approved by the Ministry of Transport and Telecommunications for EFE. In addition, special contributions are received to finance other operations that may or may not be initially contemplated in the State's Annual Budget Law that approves the transfer of resources from the State to the Company and contributions for infrastructure maintenance. These contributions are initially recognized as a financial asset at fair value and a credit to deferred income.

The deferred income is amortized with effect in profit and loss or carried out to equity on a systematic basis to offset the depreciation expense of the assets which is generated, where applicable. The income is not presented net of expenses, but rather in a separate item of operational or non-operational income, depending on the nature of the contribution by the State.

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On the other hand, Article 4 from Law 19.170 states that EFE receives resources to settle the disbursements related to employee benefits of former Company's employees, which are presented net in profit or loss, since this legal obligation is assumed by the Chilean State and is undertaken by transferring to EFE the resources necessary to fulfill this obligation up to its termination, a situation that occurs when the beneficiary dies.

- **State subsidy to companies that provide passenger transportation services**

Under Law 20.378 dated 2009, the State provides a monthly subsidy to public passenger transport service companies that grant a free or reduced fare to students. To receive this subsidy, the companies involved must enter into an agreement. The subsidy is intended to make up for these student fare reductions and is reimbursed monthly as long as the effective, correct and adequate provision of transportation services is maintained. The subsidy is recognized as operating income on the accrual basis.

An agreement with the Ministry of Transport and Telecommunications was signed on May 20, 2010 whereby the Company agrees to lower the transport fares charged to user of the Biotren service and Victoria-Temuco service. The reductions in revenue resulting from the fare decrease is reimbursed by the Ministry of Transport and Telecommunications. This benefit started in May 2010 for Biotren and in June 2012 for the Victoria-Temuco service.

An agreement with the Ministry of Transport and Telecommunications was signed on May 6, 2001 whereby the latter agreed to subsidize the Corto Laja service in order to improve the locals' access to more developed locations by using the service. This subsidy started in August 2011. Furthermore, there is also a subsidy for the Talca-Constitución leg which was updated in May 2016.

- **Transfers of funds from Transantiago "Espejo" (Mirror) law**

EFE's companies group entered into agreements with the Ministry of Transport and Telecommunications to finance investments with resources from this Law as follows:

- (a) Improvements made to Paine, Buin, Rancagua and San Fernando stations amounting to \$ 2.379. Million.
- (b) Purchase of 4 new trains for Trenes Metropolitanos amounting to UF 493.684.
- (c) Merval agreement to purchase 8 trains amounting to UF 919.544.958.
- (d) Expansion to Coronel for an amount of UF 1.753.990. Agreement signed on November 22, 2013. Works finished in 2016.
- (e) Basic and detail engineering, as well as trains Alameda Malloco for an amount of UF 2.510.457.
- (f) Regional Contribution Fund Agreement for Metro de Valparaíso amounting to MCLP\$ 4.463 (May 2017).

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(g) Antilhue Valdivia Agreement amounting to MCLP\$210 (January 2017).

In addition, there is a subsidy to the Victoria-Temuco services, in line with the funds of the Transantiago “Espejo” Law, which are recognized through the income method established in IAS 20.

The presentation in the financial position statement is gross, as it is reflected within the assets and liabilities in regards of the presentation with the expenses related to these items (Mirror Law) that are subsidy by the Government, are registered gross and net, depending on whether they are related to the operation (note 23) or financing (notes 26 and 27).

### 3.19 Policies for the determination of the net distributable income

By means of a letter dated December 6, 2010, the Company informed the CMF that has adopted the policy to separately controls the adjustments coming from the first-time application of IFRS from the rest of retained earnings, not considering these amounts when net distributable profits are generated in a period, after deducting accumulated losses. Consequently, no adjustments will be applied to the item “Profit (loss) attributable to owners of the Company” for unrealized variations in the fair value of assets and liabilities.

The previous decision was made by the Empresa de los Ferrocarriles del Estado Board during its eighth extraordinary meeting held on November 26, 2010.

## 4. New accounting pronouncements

a) The following IFRS Standards/amendments to IFRS have been adopted in these Interim consolidated financial statements:

| IFRS Amendments   | Mandatory effective date   |
|---|--|
| Modifications to the references to the Conceptual Framework in IFRS Standards | Annual periods beginning on or after January 1, 2020                             |
| Definition of a Business (Amendments to IFRS 3)                               | Annual periods beginning on or after January 1, 2020. Early adoption is allowed. |
| Definition of Material (amendments to IAS 1 and IAS 8)                        | Annual periods beginning on or after January 1, 2020. Early adoption is allowed. |

The application of these standards/amendments did not have a significant effect on the amounts reported in these interim consolidated financial statements. However, they may affect the accounting for future transactions or arrangements.

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- b) The following standards, amendments and interpretations have been issued but they are not yet in force:

| IFRS Amendments   | Mandatory effective date              |
|---|---------------------------------------|
| Sale or Contribution of Assets between an Investor and his Associate or Joint Venture (Amendments to IFRS 10 and IAS 28). | Indefinitely deferred effective date. |

As of the date of the issuance of this report, Management is assessing the potential impacts for the application of this amendment and considers that there are not any significant impacts expected.

## 5. Segment information

EFE discloses segment information in accordance with the provisions of IFRS 8, which establishes reporting standards regarding operating segments and related disclosures. An operating segment is a component of an entity:

- o that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- o whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

EFE manages and measures operations performance by operating segment, which is consistent with the current corporate organization. Accordingly, segments are: Railroad infrastructure (EFE), passenger transportation services (Metro Valparaíso, Tren Central, Fesur) and real estate (INVIA).

The information presented below is based on the companies' financial information in the consolidation process, that represent the different segments of railway activity, operating in various geographical areas of the country. The summarized assets and liabilities of the subsidiaries that operate passenger services (Fesur, Metro Valparaíso and Tren Central) are stated in note 3.2.

This business model shows how EFE streamlines processes, both as a company as well as the provision of services and commercial/administrative management. Such allows the update for the operational use of railroad infrastructure and technology and promotes the transport services development considering a positive social return.

### a) EFE services:

EFE Services refer mainly to the provision of railroad infrastructure for companies - cargo operations to third parties and passenger transportation services to EFE subsidiaries.

### b) Passenger transportation services Metro Valparaiso:

Metro Regional de Valparaíso S.A. is the main rail transport in the V Region which operates in Valparaíso, Viña del Mar, Quilpué, Villa Alemana and Limache. Merval provides an efficient, safe and environmentally sustainable public passenger transportation service.

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**c) Passenger transportation services Tren Central:**

Trenes Metropolitanos S.A. (Tren Central) is the Company that serves the suburban transport market through “Metrotren” and “Terrasur” from Santiago to Chillán and intermediate stations. In addition, it provides passenger transportation services from Talca to Constitución (Buscarril). Tren Central offers state-of-the-art, high quality, safe and integrated urban and suburban passenger transportation services along with the transportation service in the Metropolitan Region and surrounding areas.

**d) Passenger transportation services Fesur:**

Empresa Ferrocarriles del Sur S.A. (Fesur) provides services in the VIII and IX regions and connects Lomas Coloradas, Talcahuano, Hualqui and other cities with the city of Concepción. It is also responsible for managing the passenger rail transport in the Biobío and Araucanía Region. The Company’s services are known as “Fesur”, “Victoria Temuco” and “Corto Laja”. Fesur’s mission is to provide an outstanding passenger transportation service railroad user, taking into account their safety and comfort..

**e) Commercial operation of movable or immovable property owned by Empresa de los Ferrocarriles del Estado.**

Inmobiliaria Nueva Vía S.A. was created to place EFE properties that have been considered expendable for railroad operation on the market. Currently, Inmobiliaria Nueva Vía S.A. development is focused on the administration and revenue management of its properties’ leases. During 2015, a new 3-year record and asset protection contract was signed, which includes all the properties and strip tracks, as well as protecting the assets through a Geographic Information System developed by Inmobiliaria Nueva Via S.A.

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| For the six-month period ended June 30, 2020                             | Segment<br>infrastructure<br>railway and cargo (1)<br>ThCLP\$ | Passenger services segment            |                                |                     | Totals<br>ThCLP\$ |
|--|---|---------------------------------------|--------------------------------|---------------------|-------------------|
|  |   | FESUR                                 | TC                             | MERVAL              |                   |
|  |   | VIII Region<br>y IX Region<br>ThCLP\$ | Santiago<br>Chillán<br>ThCLP\$ | V Region<br>ThCLP\$ |                   |
|  |   |                                       |                                |                     |                   |
| <b>1. Revenue from ordinary activities from external customers</b>       | 27,997,056  | 2,248,278                             | 6,904,651                      | 4,403,011           | 41,552,996        |
| <b>2. Income from ordinary activities between segments</b>               | -   | -                                     | -                              | -                   | -                 |
| <b>3. Significant items of operating costs</b>                           | (21,977,876)  | (3,273,597)                           | (8,850,447)                    | (5,380,167)         | (39,482,087)      |
| a. Employee expenses   | (6,565,978)   | (1,551,831)                           | (2,959,500)                    | (15,153)            | (11,092,462)      |
| b. Energy and fuels  | (173,182)   | (413,496)                             | (1,131,450)                    | (1,298,388)         | (3,016,516)       |
| c. Rolling stock and infrastructure maintenance                          | (3,137,482)   | (668,275)                             | (3,060,311)                    | (1,232,428)         | (8,098,496)       |
| d. Other operating expenses  | (12,101,234)  | (639,995)                             | (1,699,186)                    | (2,834,198)         | (17,274,613)      |
| <b>4. Administrative expenses</b>  | (5,671,788)   | (913,841)                             | (463,967)                      | (3,126,829)         | (10,176,425)      |
| <b>5. Other income (losses)</b>  | 21,190,798  | (36,703)                              | 7,749                          | (26,446)            | 21,135,398        |
| <b>6. Gain (losses) on financial Assets</b>                              | 1,310,466   | -                                     | -                              | -                   | 1,310,466         |
| <b>7. Financial profit or loss, net segment</b>                          | (26,532,003)  | (22,267)                              | (118,638)                      | (70,589)            | (26,743,497)      |
| a. Financial income  | 28,221  | 3,183                                 | -                              | 28,468              | 59,872            |
| b. Financial expenses  | (26,560,224)  | (25,450)                              | (118,638)                      | (99,057)            | (26,803,369)      |
| <b>8. Exchange rate difference</b>                                       | 361,052   | -                                     | 781                            | -                   | 361,833           |
| <b>9. Indexation unit</b>  | (17,750,655)  | 142                                   | (54)                           | 2,569               | (17,747,998)      |
| <b>10. Interest ownership of the entity in the results of associates</b> | 327,724   | -                                     | -                              | -                   | 327,724           |
| a. Interest Ownership Investment in associates                           | 327,724   | -                                     | -                              | -                   | 327,724           |
| b. Interest Ownership Investment in other associates                     | -   | -                                     | -                              | -                   | -                 |
| <b>11. Income tax expense</b>  | -   | (7,690)                               | -                              | -                   | (7,690)           |
| <b>12. Non controlling interests</b>                                     | -   | -                                     | -                              | -                   | -                 |
| <b>Net loss</b>  | (20,745,226)  | (2,005,678)                           | (2,519,925)                    | (4,198,451)         | (29,469,280)      |

| For the six-month period ended June 30, 2019                             | Segment<br>infrastructure<br>railway and cargo (1)<br>ThCLP\$ | Passenger services segment            |                                |                     | Totals<br>ThCLP\$ |
|--|---|---------------------------------------|--------------------------------|---------------------|-------------------|
|  |   | FESUR                                 | TC                             | MERVAL              |                   |
|  |   | VIII Region<br>y IX Region<br>ThCLP\$ | Santiago<br>Chillán<br>ThCLP\$ | V Region<br>ThCLP\$ |                   |
|  |   |                                       |                                |                     |                   |
| <b>1. Revenue from ordinary activities from external customers</b>       | 20,970,194  | 3,159,999                             | 10,748,160                     | 9,070,716           | 43,949,069        |
| <b>2. Income from ordinary activities between segments</b>               | -   | -                                     | -                              | -                   | -                 |
| <b>3. Significant items of operating costs</b>                           | (23,433,698)  | (3,392,990)                           | (8,664,452)                    | (7,068,686)         | (42,559,826)      |
| a. Employee expenses   | (7,389,942)   | (1,205,037)                           | (1,972,357)                    | (15,157)            | (10,582,493)      |
| b. Energy and fuels  | (89,086)  | (397,179)                             | (1,465,483)                    | (1,227,446)         | (3,179,194)       |
| c. Rolling stock and infrastructure maintenance                          | (2,629,602)   | (965,347)                             | (3,530,397)                    | (2,256,366)         | (9,381,712)       |
| d. Other operating expenses  | (13,325,068)  | (825,427)                             | (1,696,215)                    | (3,569,717)         | (19,416,427)      |
| <b>4. Administrative expenses</b>  | (4,840,956)   | (1,011,245)                           | (1,899,841)                    | (3,176,886)         | (10,928,928)      |
| <b>5. Other income (losses)</b>  | 25,003,261  | 12,086                                | 565                            | (7,716)             | 25,008,196        |
| <b>6. Gain (losses) on financial Assets</b>                              | 1,666,293   | -                                     | -                              | -                   | 1,666,293         |
| <b>7. Financial profit or loss, net segment</b>                          | (24,880,079)  | (2,803)                               | (127,575)                      | (21,559)            | (25,032,016)      |
| a. Financial income  | 602,587   | 22,699                                | -                              | 86,672              | 711,958           |
| b. Financial expenses  | (25,482,666)  | (25,502)                              | (127,575)                      | (108,231)           | (25,743,974)      |
| <b>8. Exchange rate difference</b>                                       | 156,939   | 2                                     | 641                            | -                   | 157,582           |
| <b>9. Indexation unit</b>  | (15,820,879)  | 62                                    | (1)                            | 3,791               | (15,817,027)      |
| <b>10. Interest ownership of the entity in the results of associates</b> | 759,837   | -                                     | -                              | -                   | 759,837           |
| a. Interest Ownership Investment in associates                           | 759,837   | -                                     | -                              | -                   | 759,837           |
| b. Interest Ownership Investment in other associates                     | -   | -                                     | -                              | -                   | -                 |
| <b>11. Income tax expense</b>  | (146,932)   | -                                     | -                              | -                   | (146,932)         |
| <b>12. Non controlling interests</b>                                     | -   | -                                     | -                              | -                   | -                 |
| <b>Net loss</b>  | (20,566,020)  | (1,234,889)                           | 57,497                         | (1,200,340)         | (22,943,752)      |

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| INTERIM STATEMENTS<br>OF FINANCIAL POSITION           | Segment<br>infrastructure<br>railway and cargo<br>ThCLP\$ | Passenger services segment |                     |                    | Totals<br>ThCLP\$    |
|---|---|----------------------------|---------------------|--------------------|----------------------|
|   |   | FESUR                      | TC                  | MERVAL             |                      |
|   |   | VIII Región y<br>IX Región | Santiago<br>Chillán | V Región           |                      |
|   |   | ThCLP\$                    | ThCLP\$             | ThCLP\$            |                      |
| 06.30.2020  |   |                            |                     |                    |                      |
| <b>Assets</b>   |   |                            |                     |                    |                      |
| <b>Current assets</b>                                 |   |                            |                     |                    |                      |
| Cash and cash equivalents                             | 112,328,191   | 8,555,790                  | 303,112             | 1,239,339          | 122,426,432          |
| Other financial assets                                | 68,793,763  | -                          | -                   | 4,254,124          | 73,047,887           |
| Other no financial assets                             | 587,525   | 29,982                     | -                   | 88,927             | 706,434              |
| Trade and other receivables                           | 3,295,230   | 27,186                     | 368,691             | 82,045             | 3,773,152            |
| Accounts receivable from related parties, current     | 44,801,850  | 5,890,279                  | 1,288,092           | 778,516            | 52,758,737           |
| Inventories   | -   | 48,858                     | 54,754              | 159,679            | 263,291              |
| Current tax assets                                    | 9,708,415   | 1,724                      | -                   | -                  | 9,710,139            |
| <b>Current assets</b>                                 | <b>239,514,974</b>  | <b>14,553,819</b>          | <b>2,014,649</b>    | <b>6,602,630</b>   | <b>262,686,072</b>   |
| <b>Total current assets</b>                           | <b>239,514,974</b>  | <b>14,553,819</b>          | <b>2,014,649</b>    | <b>6,602,630</b>   | <b>262,686,072</b>   |
| <b>Non-current assets</b>                             |   |                            |                     |                    |                      |
| Accounts receivable from related parties, non-current | 34,213,446  | 37,021,151                 | 9,854,453           | 19,714,879         | 100,803,929          |
| Equity-accounted investees                            | 13,613,370  | -                          | -                   | -                  | 13,613,370           |
| Intangible assets other than goodwill                 | 2,202,042   | 157,472                    | 113,912             | 158,703            | 2,632,129            |
| Property, plant and equipment                         | 1,246,501,213   | 7,123,970                  | 45,769,446          | 79,510,257         | 1,378,904,886        |
| Investment property                                   | 31,010,228  | -                          | -                   | 1,175,345          | 32,185,573           |
| <b>Total non-current assets</b>                       | <b>1,327,540,299</b>                                      | <b>44,302,593</b>          | <b>55,737,811</b>   | <b>100,559,184</b> | <b>1,528,139,887</b> |
| <b>Total assets</b>                                   | <b>1,567,055,273</b>                                      | <b>58,856,412</b>          | <b>57,752,460</b>   | <b>107,161,814</b> | <b>1,790,825,959</b> |
| <b>Liabilities and equity</b>                         |   |                            |                     |                    |                      |
| <b>Liabilities</b>                                    |   |                            |                     |                    |                      |
| <b>Current liabilities</b>                            |   |                            |                     |                    |                      |
| Other financial liabilities, current                  | 19,804,736  | 45,294                     | -                   | -                  | 19,850,030           |
| Trade and other payables                              | 27,208,345  | 450,116                    | 1,285,298           | 4,208,927          | 33,152,686           |
| Accounts payable from related parties, current        | (27,937,406)  | 4,674,882                  | 15,376,113          | 7,886,411          | -                    |
| Provisions for employee benefits                      | 958,704   | 522,900                    | 710,007             | 405,311            | 2,596,922            |
| Other no financial liabilities, current               | 59,984,842  | 382,870                    | 470,512             | 2,028,599          | 62,866,823           |
| <b>Total current liabilities</b>                      | <b>80,019,221</b>   | <b>6,076,062</b>           | <b>17,841,930</b>   | <b>14,529,248</b>  | <b>118,466,461</b>   |
| <b>Non-current liabilities</b>                        |   |                            |                     |                    |                      |
| Other financial liabilities, no current               | 1,526,012,743   | -                          | -                   | -                  | 1,526,012,743        |
| Accounts payable from related parties, non-current    | (135,730,203)   | 62,149,191                 | 49,444,612          | 24,136,400         | -                    |
| Other provisions                                      | 3,474,229   | -                          | -                   | -                  | 3,474,229            |
| Provisions for employee benefits                      | 3,749,642   | -                          | -                   | -                  | 3,749,642            |
| Other no financial liabilities, non-current           | 478,619,851   | 2,159,129                  | -                   | 21,228,191         | 502,007,171          |
| <b>Total non-current liabilities</b>                  | <b>1,876,126,262</b>                                      | <b>64,308,320</b>          | <b>49,444,612</b>   | <b>45,364,591</b>  | <b>2,035,243,785</b> |
| <b>Total liabilities</b>                              | <b>1,956,145,483</b>                                      | <b>70,384,382</b>          | <b>67,286,542</b>   | <b>59,893,839</b>  | <b>2,153,710,246</b> |
| <b>Equity</b>   |   |                            |                     |                    |                      |
| Issued capital  | 250,797,262   | 28,080,005                 | 25,773,900          | 106,125,877        | 410,777,044          |
| Accumulated deficit                                   | (1,765,231,753)   | (39,932,664)               | (35,593,979)        | (59,690,347)       | (1,900,448,743)      |
| Share premium   | (25,590)  | -                          | 154                 | 25,436             | -                    |
| Other reserves  | 1,125,369,854   | 324,689                    | 285,843             | 807,009            | 1,126,598,190        |
| <b>Equity attributable to owners of the Company</b>   | <b>(389,090,227)</b>                                      | <b>(11,527,970)</b>        | <b>(9,534,082)</b>  | <b>47,267,975</b>  | <b>(362,884,287)</b> |
| Non-controlling interests                             | 17  | -                          | -                   | -                  | 17                   |
| <b>Total equity</b>                                   | <b>(389,090,210)</b>                                      | <b>(11,527,970)</b>        | <b>(9,534,082)</b>  | <b>47,267,975</b>  | <b>(362,884,287)</b> |
| <b>Total liabilities and equity</b>                   | <b>1,567,055,273</b>                                      | <b>58,856,412</b>          | <b>57,752,460</b>   | <b>107,161,814</b> | <b>1,790,825,959</b> |

| INTERIM STATEMENTS<br>OF FINANCIAL POSITION           | Segment<br>infrastructure<br>railway and cargo<br>ThCLP\$ | Passenger services segment |                     |                    | Totals<br>ThCLP\$    |
|---|---|----------------------------|---------------------|--------------------|----------------------|
|   |   | FESUR                      | TC                  | MERVAL             |                      |
|   |   | VIII Región y<br>IX Región | Santiago<br>Chillán | V Región           |                      |
|   |   | ThCLP\$                    | ThCLP\$             | ThCLP\$            |                      |
| 12.31.2019  |   |                            |                     |                    |                      |
| <b>Assets</b>   |   |                            |                     |                    |                      |
| <b>Current assets</b>                                 |   |                            |                     |                    |                      |
| Cash and cash equivalents                             | 38,724,419  | 1,688,742                  | 1,647,379           | 2,083,065          | 44,143,605           |
| Other financial assets                                | 80,231,947  | -                          | -                   | 4,772,379          | 85,004,326           |
| Other no financial assets                             | 297,192   | 74,859                     | -                   | 16,045             | 388,096              |
| Trade and other receivables                           | 15,541,058  | 101,879                    | 916,951             | 278,457            | 16,838,345           |
| Accounts receivable from related parties, current     | 82,855,186  | 4,545,182                  | 1,529,476           | 1,012,034          | 89,941,878           |
| Inventories   | -   | -                          | 69,291              | 135,882            | 205,173              |
| Current tax assets                                    | 490,651   | 10,058                     | -                   | 48,657             | 549,366              |
| <b>Current assets</b>                                 | <b>218,140,453</b>  | <b>6,420,720</b>           | <b>4,163,097</b>    | <b>8,346,519</b>   | <b>237,070,789</b>   |
| <b>Total current assets</b>                           | <b>218,140,453</b>  | <b>6,420,720</b>           | <b>4,163,097</b>    | <b>8,346,519</b>   | <b>237,070,789</b>   |
| <b>Non-current assets</b>                             |   |                            |                     |                    |                      |
| Accounts receivable from related parties, non-current | 52,809,620  | 36,530,368                 | 9,579,101           | 19,450,337         | 118,369,426          |
| Equity-accounted investees                            | 12,944,724  | -                          | -                   | -                  | 12,944,724           |
| Intangible assets other than goodwill                 | 2,332,317   | 179,724                    | 148,164             | 188,006            | 2,848,211            |
| Property, plant and equipment                         | 1,223,419,187   | 7,720,250                  | 46,621,726          | 80,993,227         | 1,358,754,390        |
| Investment property                                   | 31,010,227  | -                          | -                   | 1,186,360          | 32,196,587           |
| <b>Total non-current assets</b>                       | <b>1,322,516,075</b>                                      | <b>44,430,342</b>          | <b>56,348,991</b>   | <b>101,817,930</b> | <b>1,525,113,338</b> |
| <b>Total assets</b>                                   | <b>1,540,656,528</b>                                      | <b>50,851,062</b>          | <b>60,512,088</b>   | <b>110,164,449</b> | <b>1,762,184,127</b> |
| <b>Liabilities and equity</b>                         |   |                            |                     |                    |                      |
| <b>Liabilities</b>                                    |   |                            |                     |                    |                      |
| <b>Current liabilities</b>                            |   |                            |                     |                    |                      |
| Other financial liabilities, current                  | 15,606,536  | 101,802                    | -                   | -                  | 15,708,338           |
| Trade and other payables                              | 49,759,851  | 539,650                    | 1,380,038           | 4,708,138          | 56,387,677           |
| Accounts payable from related parties, current        | (23,688,789)  | 2,817,798                  | 15,150,999          | 5,719,992          | -                    |
| Provisions for employee benefits                      | 574,984   | 492,958                    | 776,688             | 654,821            | 2,499,451            |
| Other no financial liabilities, current               | 53,951,531  | 515,419                    | 488,682             | 2,209,620          | 57,165,252           |
| <b>Total current liabilities</b>                      | <b>96,204,113</b>   | <b>4,467,627</b>           | <b>17,796,407</b>   | <b>13,292,571</b>  | <b>131,760,718</b>   |
| <b>Non-current liabilities</b>                        |   |                            |                     |                    |                      |
| Other financial liabilities, no current               | 1,388,657,577   | -                          | -                   | -                  | 1,388,657,577        |
| Accounts payable from related parties, non-current    | (127,071,020)   | 53,466,543                 | 49,729,838          | 23,874,639         | -                    |
| Other provisions                                      | 3,711,535   | -                          | -                   | -                  | 3,711,535            |
| Provisions for employee benefits                      | 3,669,396   | -                          | -                   | -                  | 3,669,396            |
| Other no financial liabilities, non-current           | 544,157,532   | 2,300,770                  | -                   | 21,530,814         | 567,989,116          |
| <b>Total non-current liabilities</b>                  | <b>1,813,125,020</b>                                      | <b>55,767,313</b>          | <b>49,729,838</b>   | <b>45,405,453</b>  | <b>1,964,027,624</b> |
| <b>Total liabilities</b>                              | <b>1,909,329,133</b>                                      | <b>60,234,940</b>          | <b>67,526,245</b>   | <b>58,698,024</b>  | <b>2,095,788,342</b> |
| <b>Equity</b>   |   |                            |                     |                    |                      |
| Issued capital  | 250,797,262   | 28,080,005                 | 25,773,900          | 106,125,877        | 410,777,044          |
| Accumulated deficit                                   | (1,744,624,943)   | (37,788,572)               | (33,074,054)        | (55,491,897)       | (1,870,979,466)      |
| Share premium   | (25,590)  | -                          | 154                 | 25,436             | -                    |
| Other reserves  | 1,125,180,649   | 324,689                    | 285,843             | 807,009            | 1,126,598,190        |
| <b>Equity attributable to owners of the Company</b>   | <b>(368,672,622)</b>                                      | <b>(9,383,878)</b>         | <b>(7,014,157)</b>  | <b>51,466,425</b>  | <b>(333,604,232)</b> |
| Non-controlling interests                             | 17  | -                          | -                   | -                  | 17                   |
| <b>Total equity</b>                                   | <b>(368,672,605)</b>                                      | <b>(9,383,878)</b>         | <b>(7,014,157)</b>  | <b>51,466,425</b>  | <b>(333,604,215)</b> |
| <b>Total liabilities and equity</b>                   | <b>1,540,656,528</b>                                      | <b>50,851,062</b>          | <b>60,512,088</b>   | <b>110,164,449</b> | <b>1,762,184,127</b> |



**EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

As of June 30, 2020 and December 31, 2019 and for the three-month periods ended June 30, 2020 and 2019

| Statements of Cash Flows<br>Direct Method                             | Segment<br>infrastructure<br><br>railway and cargo | Passenger services segment |                    |                    | Totals              |
|---|--|----------------------------|--------------------|--------------------|---------------------|
|   |  | FESUR                      | TC                 | MERVAL             |                     |
|   |  | VIII Región y IX Región    | Santiago Chillán   | V Región           |                     |
| 06.30.2020  | ThCLP\$  | ThCLP\$                    | ThCLP\$            | ThCLP\$            | ThCLP\$             |
| <b>Cash flows from operating activities</b>                           |  |                            |                    |                    |                     |
| <b>Receipts cash flows from operating activities</b>                  |  |                            |                    |                    |                     |
| Cash receipts from sales of goods and                                 | 9,343,423  | 2,202,375                  | 7,783,538          | 4,651,093          | 23,980,429          |
| Other receipts from operating activities                              | -  | 925,460                    | -                  | 1,009,416          | 1,934,876           |
| <b>Payment categories</b>   |  |                            |                    |                    |                     |
| Payments to suppliers for goods and services                          | (42,259,636)                                       | (1,124,754)                | (2,411,589)        | (6,050,986)        | (51,846,965)        |
| Payments to and on behalf of employees                                | (7,925,919)  | (2,786,091)                | (4,985,164)        | (2,097,723)        | (17,902,847)        |
| <b>Net cash flows from (used in) operating activities</b>             | <b>(40,950,082)</b>                                | <b>(783,010)</b>           | <b>386,785</b>     | <b>(2,488,200)</b> | <b>(43,834,507)</b> |
| <b>Cash flows from investing activities</b>                           |  |                            |                    |                    |                     |
| Préstamos a entidades relacionadas                                    | 1,731,052  | -                          | (1,731,052)        | -                  | -                   |
| Amounts from sales property, plant and                                | 27,963   | -                          | -                  | -                  | 27,963              |
| Purchases of property, plant and equipment                            | (37,580,060)                                       | (6,944)                    | -                  | (976,667)          | (38,563,671)        |
| Purchases of intangible assets  | (83,586)   | -                          | -                  | (5,394)            | (88,980)            |
| Proceeds from State grants  | 9,699,332  | 7,700,000                  | -                  | -                  | 17,399,332          |
| Taxes refunded (27 BIS)   | 6,400,943  | -                          | -                  | -                  | 6,400,943           |
| Dividends received (Ipesa)  | 158,313  | -                          | -                  | -                  | 158,313             |
| Net decrease (increase) from investments in term deposit over 90 days | 12,095,400   | (146,649)                  | -                  | 7,688              | 11,956,439          |
| <b>Net cash flows from (used in) investing activities</b>             | <b>(7,550,643)</b>                                 | <b>7,546,407</b>           | <b>(1,731,052)</b> | <b>(974,373)</b>   | <b>(2,709,661)</b>  |
| <b>Cash flows from financing activities</b>                           |  |                            |                    |                    |                     |
| Proceeds from the issuance of bonds                                   | 123,026,995  | -                          | -                  | -                  | 123,026,995         |
| Proceeds from the bank credits  | 1,800,000  | -                          | -                  | -                  | 1,800,000           |
| Related parties, cash proceeds from (used)                            | (2,722,498)  | 103,651                    | -                  | 2,618,847          | -                   |
| <b>Net cash flows from (used in) investing activities</b>             | <b>122,104,497</b>                                 | <b>103,651</b>             | <b>-</b>           | <b>2,618,847</b>   | <b>124,826,995</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>           | <b>73,603,772</b>                                  | <b>6,867,048</b>           | <b>(1,344,267)</b> | <b>(843,726)</b>   | <b>78,282,827</b>   |
| <b>Cash and cash equivalents at beginning of the period</b>           | <b>38,724,419</b>                                  | <b>1,688,742</b>           | <b>1,647,379</b>   | <b>2,083,065</b>   | <b>44,143,605</b>   |
| <b>Cash and cash equivalents at end of the period</b>                 | <b>112,328,191</b>                                 | <b>8,555,790</b>           | <b>303,112</b>     | <b>1,239,339</b>   | <b>122,426,432</b>  |

| Statements of Cash Flows<br>Direct Method                             | Segment<br>infrastructure<br><br>railway and cargo | Passenger services segment |                    |                    | Totals            |
|---|--|----------------------------|--------------------|--------------------|-------------------|
|   |  | FESUR                      | TC                 | MERVAL             |                   |
|   |  | VIII Región y IX Región    | Santiago Chillán   | V Región           |                   |
| 12.31.2019  | ThCLP\$  | ThCLP\$                    | ThCLP\$            | ThCLP\$            | ThCLP\$           |
| <b>Cash flows from operating activities</b>                           |  |                            |                    |                    |                   |
| <b>Receipts cash flows from operating activities</b>                  |  |                            |                    |                    |                   |
| Cash receipts from sales of goods and services                        | 8,427,385  | 2,818,105                  | 11,001,537         | 10,055,889         | 32,302,916        |
| Other receipts from operating activities                              | -  | 2,070,489                  | -                  | 2,355,215          | 4,425,704         |
| <b>Payment categories</b>   |  |                            |                    |                    |                   |
| Payments to suppliers for goods and services                          | (31,950,096)                                       | (1,489,921)                | (3,043,747)        | (8,059,950)        | (44,543,714)      |
| Payments to and on behalf of employees                                | (6,106,595)  | (3,537,364)                | (4,880,051)        | (2,310,998)        | (16,835,008)      |
| <b>Net cash flows from (used in) operating activities</b>             | <b>(29,629,306)</b>                                | <b>(138,691)</b>           | <b>3,077,739</b>   | <b>2,040,156</b>   | <b>#####</b>      |
| <b>Cash flows from investing activities</b>                           |  |                            |                    |                    |                   |
| Préstamos a entidades relacionadas                                    | -  | -                          | -                  | -                  | -                 |
| Amounts from sales property, plant and                                | 118,453  | -                          | -                  | -                  | 118,453           |
| Purchases of property, plant and equipment                            | (38,247,067)                                       | (42,723)                   | -                  | (1,222,092)        | (39,511,882)      |
| Purchases of intangible assets  | (122,274)  | -                          | -                  | (5,287)            | (127,561)         |
| Proceeds from State grants  | 29,624,477   | -                          | -                  | -                  | 29,624,477        |
| Taxes refunded (27 BIS)   | 494,846  | -                          | -                  | -                  | 494,846           |
| Dividends received (Ipesa)  | 515,466  | -                          | -                  | -                  | 515,466           |
| Net decrease (increase) from investments in term deposit over 90 days | (61,388,597)                                       | (299,218)                  | -                  | 13,528             | (61,674,287)      |
| <b>Net cash flows from (used in) investing activities</b>             | <b>(69,004,696)</b>                                | <b>(341,941)</b>           | <b>-</b>           | <b>(1,213,851)</b> | <b>#####</b>      |
| <b>Cash flows from financing activities</b>                           |  |                            |                    |                    |                   |
| Proceeds from the issuance of bonds                                   | 116,058,904  | -                          | -                  | -                  | 116,058,904       |
| Proceeds from the bank credits  | -  | -                          | -                  | -                  | -                 |
| Related parties, cash proceeds from (used)                            | 3,185,859  | -                          | (3,185,859)        | -                  | -                 |
| <b>Net cash flows from (used in) investing activities</b>             | <b>102,504,229</b>                                 | <b>(69,716)</b>            | <b>(3,185,859)</b> | <b>-</b>           | <b>99,248,654</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>           | <b>3,870,227</b>                                   | <b>(550,348)</b>           | <b>(108,120)</b>   | <b>826,305</b>     | <b>4,038,064</b>  |
| <b>Cash and cash equivalents at beginning of the period</b>           | <b>40,603,395</b>                                  | <b>2,793,106</b>           | <b>875,285</b>     | <b>1,214,862</b>   | <b>45,486,648</b> |
| <b>Cash and cash equivalents at end of the period</b>                 | <b>44,473,622</b>                                  | <b>2,242,758</b>           | <b>767,165</b>     | <b>2,041,167</b>   | <b>49,524,712</b> |

EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES  
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**6. Cash and cash equivalents**

The company's three-year development planning determines the company's investments and financing required to execute those investments. Annually, the "Budget Law" contemplates the State cash resources that will transfer to EFE in order to develop its three-year planning. Such other financing sources, such as debt issuance and contributions received in subsidiaries, through the Transantiago Mirror Law, and supplements for certain specific projects. Almost all of the cash, cash equivalents and other current financial assets correspond to resources for use on the items described above.

The Ministry of Finance restricts financial instruments types in which EFE can invest such as time deposits, mutual funds and covenants.

Cash and cash equivalents balance as of the end of each period is as follows:

| Cash and cash equivalents | 06.30.2020<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ |
|---------------------------|-----------------------|-----------------------|
| Cash and banks (a)        | 6,986,629             | 4,629,093             |
| Time deposits (b)         | 114,421,165           | 38,503,562            |
| Mutual fund units (c)     | 1,018,638             | 1,010,950             |
| <b>Totals</b>             | <b>122,426,432</b>    | <b>44,143,605</b>     |

- a) Cash and banks: This balance corresponds to cash on hand and bank current accounts.
- b) Time deposits: This balance corresponds to financial instruments issued by banks

As of June 30, 2020 the detail is as follows:

| Days to maturity    | Denominated<br>currency | Instrument      | Capital local<br>currency<br>ThCLP\$ | Indexation- units<br>adjustments and<br>interest<br>ThCLP\$ | Balance as June<br>30, 2020<br>ThCLP\$ |
|---------------------|-------------------------|-----------------|--------------------------------------|---|--|
| 0 - 30              | \$                      | Time deposit    | 53,733,992                           | 11,194  | 53,745,186                             |
|                     |                         | CBDPN (1)       | 13,744,396                           | 551   | 13,744,947                             |
| <b>Subtotal</b>     |                         |                 | <b>67,478,388</b>                    | <b>11,745</b>   | <b>67,490,133</b>                      |
| 30 - 60             | \$                      | Time deposit    | 11,897,383                           | 4,377   | 11,901,760                             |
|                     |                         | <b>Subtotal</b> |                                      |   | <b>11,897,383</b>                      |
| 60 - 90             | \$                      | Time deposit    | 25,644,286                           | 18,197  | 25,662,483                             |
|                     |                         | PDBC            | 2,248,846                            | -   | 2,248,846                              |
| <b>Subtotal</b>     |                         |                 | <b>27,893,132</b>                    | <b>18,197</b>   | <b>27,911,329</b>                      |
| <b>Reserve fund</b> | <b>\$</b>               |                 | <b>7,117,945</b>                     |   | <b>7,117,945</b>                       |
| <b>Totals</b>       |                         |                 | <b>114,386,848</b>                   | <b>34,319</b>   | <b>114,421,167</b>                     |

- (1) CBDPN: Central bank discountable promissory note.
- (2) PDBC: Central bank bonds.

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As of December 31, 2019 the detail is as follows:

| Days to maturity                    | Denominated currency | Instrument   | Capital local currency<br>ThCLP\$ | Indexation- units<br>adjustments and<br>interest<br>ThCLP\$ | Balance as<br>December 31,<br>2019<br>ThCLP\$ |
|-------------------------------------|----------------------|--------------|-----------------------------------|---|---|
| 0 - 30                              | \$                   | Time deposit | 13,884,912                        | 14,824  | 13,899,736                                    |
|                                     |                      | CBDPN (1)    | 528,950                           | 849   | 529,799                                       |
|                                     | EUR                  | Time deposit | 1,914,405                         | 1   | 1,914,406                                     |
| <b>Subtotal</b>                     |                      |              | <b>16,328,267</b>                 | <b>15,674</b>   | <b>16,343,941</b>                             |
| 30 - 60                             | \$                   | Time deposit | 4,612,464                         | 8,739   | 4,621,203                                     |
|                                     |                      | CBDPN (1)    | 596,808                           | 1,726   | 598,534                                       |
|                                     | UF                   | Bank bond    | 953,966                           | 19,672  | 973,638                                       |
| <b>Subtotal</b>                     |                      |              | <b>6,163,238</b>                  | <b>30,137</b>   | <b>6,193,375</b>                              |
| 60 - 90                             | \$                   | Time deposit | 6,234,084                         | 10,948  | 6,245,032                                     |
|                                     |                      | CBDPN (1)    | 761,134                           | 1,198   | 762,332                                       |
|                                     | UF                   | Time deposit | 17,070                            | 598   | 17,668  |
| <b>Subtotal</b>                     |                      |              | <b>7,012,288</b>                  | <b>12,744</b>   | <b>7,025,032</b>                              |
| <b>Balance in cash Banco Estado</b> |                      | \$           | <b>1,823,506</b>                  |   | <b>1,823,506</b>                              |
| <b>Reserve fund</b>                 |                      | \$           | <b>7,117,708</b>                  |   | <b>7,117,708</b>                              |
| <b>Totals</b>                       |                      |              | <b>38,445,007</b>                 | <b>58,555</b>   | <b>38,503,562</b>                             |

The interest rates for term deposits correspond to the interest rate obtained during the days the deposit remains on the basis accrued as of the closing date.

- c) Mutual fund units detail is shown as follows, such are held in fixed income financial intermediation instruments:

**June 30, 2020**

| Entity        | Currency | Number of units | Unit value<br>\$ | 06.30.2020<br>ThCLP\$ |
|---------------|----------|-----------------|------------------|-----------------------|
| Santander     | \$       | 841,172.04      | 1,140.58         | 959,424               |
| Santander     | \$       | 51,915.69       | 1,140.58         | 59,214                |
| <b>Totals</b> |          |                 |                  | <b>1,018,638</b>      |

**December 31, 2019**

| Entity        | Currency | Number of units | Unit value<br>\$ | 12.31.2019<br>ThCLP\$ |
|---------------|----------|-----------------|------------------|-----------------------|
| Santander     | \$       | 841,824.01      | 1,131.15         | 952,226               |
| Santander     | \$       | 51,915.59       | 1,131.14         | 58,724                |
| <b>Totals</b> |          |                 |                  | <b>1,010,950</b>      |

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**7. Other financial assets, current**

This corresponds to term deposits with maturities greater than 90 days. As of June 30, 2020 and as of December 31, 2019, these assets amount to ThCLP\$73,047,887 and ThCLP\$85,004,326, respectively.

The following table shows the term deposits details over 90 days in force as of June 30, 2020 and as of December 31, 2019:

As of June 30, 2020

| Days to maturity | Currency | Instrument                                | Capital local | Indexation-units  | Balance as June 30, |
|------------------|----------|---|---------------|-------------------|---------------------|
|                  |          |   | currency      | adjustments and   | 2020                |
|                  |          |   | ThCLP\$       | ThCLP\$           | ThCLP\$             |
| >90              | \$       | General treasury bond in clp              | 3,074,850     | 121,635           | 3,196,485           |
|                  |          | Time deposit                              | 40,148,619    | 51,242            | 40,199,861          |
|                  |          | Central bank discountable promissory note | 325,830       | 3,957             | 329,787             |
|                  |          | General treasury of the republic          | 1,284,098     | 85,523            | 1,369,621           |
|                  | UF       | Bank bond                                 | 19,969,015    | 504,002           | 20,473,017          |
|                  |          | General treasury bond in uf               | 6,714,916     | 358,725           | 7,073,641           |
|                  |          | Other                                     | 395,640       | 9,835             | 405,475             |
|                  |          | <b>Totals</b>                             |               | <b>71,912,968</b> | <b>1,134,919</b>    |

As of December 31, 2019:

| Days to maturity | Currency | Entity                                   | Capital local | Indexation-units  | Balance as        |
|------------------|----------|--|---------------|-------------------|-------------------|
|                  |          |  | currency      | adjustments and   | December 31, 2019 |
|                  |          |  | ThCLP\$       | ThCLP\$           | ThCLP\$           |
| >90              | \$       | Time deposit                             | 22,598,929    | 83,322            | 22,682,251        |
|                  |          | Central bank bond in pesos               | 505,938       | 1,463             | 507,401           |
|                  |          | General treasury bond in pesos           | 8,558,268     | 45,070            | 8,603,338         |
|                  | UF       | Central ban discountable promissory note | 443,527       | 494               | 444,021           |
|                  |          | Time deposit                             | 10,633,184    | 224,185           | 10,857,369        |
|                  |          | Bank bond                                | 31,210,754    | 267,591           | 31,478,345        |
|                  |          | Central bank bond in uf                  | 441,515       | 4,294             | 445,809           |
|                  |          | General treasury bond in pesos           | 9,577,021     | 408,771           | 9,985,792         |
|                  |          | <b>Totals</b>                            |               | <b>83,969,136</b> | <b>1,035,190</b>  |

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**8. Other non-financial assets, current**

The composition of the item as of June 30, 2020 and as of December 31, 2019 is as follows:

| Concepts   | 06.30.2020<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ |
|--|-----------------------|-----------------------|
| Advance payments and expenses (1)                        | 557,485               | 243,625               |
| Accounts receivable- reimbursements for insurance claims | 76,280                | 76,280                |
| Others   | 72,669                | 68,191                |
| <b>Totals</b>  | <b>706,434</b>        | <b>388,096</b>        |

(1) Corresponds to civil liability insurance, railroad infrastructure, rolling stock and other.

**9. Trade and other receivables, current**

The composition of the item as of June 30, 2020 and as of December 31, 2019 is as follows:

| Concepts                            | Indexation unit | 06.30.2020             |                                   |                      | 12.31.2019             |                                   |                      |
|-------------------------------------|-----------------|------------------------|-----------------------------------|----------------------|------------------------|-----------------------------------|----------------------|
|                                     |                 | Gross value<br>ThCLP\$ | Impairment<br>of value<br>ThCLP\$ | Net value<br>ThCLP\$ | Gross value<br>ThCLP\$ | Impairment<br>of value<br>ThCLP\$ | Net value<br>ThCLP\$ |
| Ferrocarril del Pacifico S.A.       | Chilean peso    | 795,198                | -                                 | 795,198              | 792,085                | -                                 | 792,085              |
| Expropriations receivable (2)       | Chilean peso    | 309,378                | -                                 | 309,378              | 407,140                | -                                 | 407,140              |
| Sundry debtors                      | Chilean peso    | 100,052                | -                                 | 100,052              | 585,434                | -                                 | 585,434              |
| Alameda Nos receipts                | Chilean peso    | 222,089                | -                                 | 222,089              | 1,261,465              | -                                 | 1,261,465            |
| Health benefits receivable          | Chilean peso    | 550,186                | -                                 | 550,186              | 491,738                | -                                 | 491,738              |
| Metro easement                      | Chilean peso    | -                      | -                                 | -                    | 397,121                | -                                 | 397,121              |
| Transap S.A.                        | Chilean peso    | 173,906                | -                                 | 173,906              | -                      | -                                 | -                    |
| Claro Chile S.A.                    | Chilean peso    | 25,567                 | -                                 | 25,567               | 5,557                  | -                                 | 5,557                |
| Cooperativa Camp. y Cultural Melima | Chilean peso    | 49,674                 | -                                 | 49,674               | 46,805                 | -                                 | 46,805               |
| Collection Alameda Rancagua         | Chilean peso    | 6,423                  | -                                 | 6,423                | 30,764                 | -                                 | 30,764               |
| Parque Automotriz San Miguel L      | Chilean peso    | 154,482                | -                                 | 154,482              | 82,487                 | -                                 | 82,487               |
| Expropriation land La Chena         | Chilean peso    | 22,319                 | -                                 | 22,319               | 22,319                 | -                                 | 22,319               |
| Entel Pcs Telecomunicaciones S.A.   | Chilean peso    | 17,833                 | -                                 | 17,833               | 17,833                 | -                                 | 17,833               |
| Entel                               | Chilean peso    | 934                    | -                                 | 934                  | 21,796                 | -                                 | 21,796               |
| Asoc. Indig.Pampa San Martin        | Chilean peso    | 12,800                 | -                                 | 12,800               | 12,800                 | -                                 | 12,800               |
| Transportes Ferropak Limitada       | Chilean peso    | 37,546                 | -                                 | 37,546               | 37,546                 | -                                 | 37,546               |
| Iansagro S.A.                       | Chilean peso    | -                      | -                                 | -                    | 12,456                 | -                                 | 12,456               |
| Estaciona Limitada                  | Chilean peso    | 11,848                 | -                                 | 11,848               | 11,848                 | -                                 | 11,848               |
| Clear Channel Chile Publicidad Ltda | Chilean peso    | 12,481                 | -                                 | 12,481               | 11,772                 | -                                 | 11,772               |
| Codeco                              | Chilean peso    | 40,262                 | -                                 | 40,262               | 7,164                  | -                                 | 7,164                |
| Debtors mainly leasing properties   | Chilean peso    | 2,072,642              | (842,468)                         | 1,230,174            | 1,322,655              | (792,548)                         | 530,107              |
| <b>Totals</b>                       |                 | <b>4,615,620</b>       | <b>(842,468)</b>                  | <b>3,773,152</b>     | <b>5,578,785</b>       | <b>(792,548)</b>                  | <b>4,786,237</b>     |

Approvals from the Ministries of Finance and Transport and Telecommunications are required prior to the write-off of the impairment provisions. EFE does not grant credit to its clients, so that there are no guarantees for this item, with the exception of guarantees for leases. Credit risk is described in note 30.

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The detail of accounts receivable maturity as of June 30, 2020 and as of December 31, 2019 is as follows:

| Days past due | NOT SECURITIZED PORTFOLIO                  |                                      |   |                                   | SECURITIZED PORTFOLIO                      |                                      |   |                                   | Totals           |
|---------------|--|--------------------------------------|---|-----------------------------------|--|--------------------------------------|---|-----------------------------------|------------------|
|               | No renegotiated portfolio<br>N° of clients | No renegotiated portfolio<br>ThCLP\$ | Renegotiated portfolio<br>N° of clients | Renegotiated portfolio<br>ThCLP\$ | No renegotiated portfolio<br>N° of clients | No renegotiated portfolio<br>ThCLP\$ | Renegotiated portfolio<br>N° of clients | Renegotiated portfolio<br>ThCLP\$ |                  |
| 0             | 104  | 269,896                              | -                                       | -                                 | -  | -                                    | -                                       | -                                 | 269,896          |
| 1 -30         | 169  | 775,955                              | -                                       | -                                 | -  | -                                    | -                                       | -                                 | 775,955          |
| 31-60         | 73   | 325,268                              | -                                       | -                                 | -  | -                                    | -                                       | -                                 | 325,268          |
| 61-90         | 66   | 116,121                              | -                                       | -                                 | -  | -                                    | -                                       | -                                 | 116,121          |
| 91-120        | 39   | 85,239                               | -                                       | -                                 | -  | -                                    | -                                       | -                                 | 85,239           |
| 121-150       | 65   | 94,694                               | -                                       | -                                 | -  | -                                    | -                                       | -                                 | 94,694           |
| 151-180       | 49   | 95,950                               | 18                                      | 18,588                            | -  | -                                    | -                                       | -                                 | 114,538          |
| 181-210       | 64   | 61,833                               | -                                       | -                                 | -  | -                                    | -                                       | -                                 | 61,833           |
| 211-250       | 76   | 147,388                              | -                                       | -                                 | -  | -                                    | -                                       | -                                 | 147,388          |
| > 250         | 1,275                                      | 2,624,688                            | -                                       | -                                 | -  | -                                    | -                                       | -                                 | 2,624,688        |
| <b>Totals</b> | <b>1,980</b>                               | <b>4,597,032</b>                     | <b>18</b>                               | <b>18,588</b>                     | -  | -                                    | -                                       | -                                 | <b>4,615,620</b> |

|                                | NOT SECURITIZED PORTFOLIO |           | SECURITIZED PORTFOLIO |         |
|--------------------------------|---------------------------|-----------|-----------------------|---------|
|                                | N° of clients             | ThCLP\$   | N° of clients         | ThCLP\$ |
| Amounts in judicial collection | 1,042                     | 2,533,084 | -                     | -       |

| Impairment of value       |                       | Write-off of accounts receivable | Recovery of accounts receivable |
|---------------------------|-----------------------|----------------------------------|---------------------------------|
| NOT SECURITIZED PORTFOLIO | SECURITIZED PORTFOLIO |                                  |                                 |
| 842,468                   |                       | -                                | 186,106                         |

| Debtors as of December 31, 2019     | 1 to 90 days     | 91 to 180 days  | 181 to 365 days  | >365 days        | Total            |
|-------------------------------------|------------------|-----------------|------------------|------------------|------------------|
|                                     | ThCLP\$          | ThCLP\$         | ThCLP\$          | ThCLP\$          | ThCLP\$          |
| Ferrocarril del Pacífico S.A.       | 792,085          | -               | -                | -                | 792,085          |
| Receivables expropriations (3)      | 407,140          | -               | -                | -                | 407,140          |
| Other debtors                       | 585,434          | -               | -                | -                | 585,434          |
| Alameda Nos receipts                | 1,261,465        | -               | -                | -                | 1,261,465        |
| Health subsidies receivables        | 491,738          | -               | -                | -                | 491,738          |
| Metro easement                      | 397,121          | -               | -                | -                | 397,121          |
| Claro Chile S.A.                    | 5,557            | -               | -                | -                | 5,557            |
| Cooperativa Camp. y Cultural Melima | 46,805           | -               | -                | -                | 46,805           |
| Collection Alameda Rancagua         | 30,764           | -               | -                | -                | 30,764           |
| Parque Automotriz San Miguel L      | 82,487           | -               | -                | -                | 82,487           |
| Lo Chena land expropriations        | 22,319           | -               | -                | -                | 22,319           |
| Entel Pcs Telecomunicaciones S.A.   | 17,833           | -               | -                | -                | 17,833           |
| Entel                               | 21,796           | -               | -                | -                | 21,796           |
| Asoc. Indig.Pampa San Martin        | 12,800           | -               | -                | -                | 12,800           |
| Transportes Ferropak Limitada       | 37,546           | -               | -                | -                | 37,546           |
| Iansagro S.A.                       | 12,456           | -               | -                | -                | 12,456           |
| Estaciona Limitada                  | 11,848           | -               | -                | -                | 11,848           |
| Clear Channel Chile Publicidad Ltda | 11,772           | -               | -                | -                | 11,772           |
| Codeco                              | 7,164            | -               | -                | -                | 7,164            |
| Debtors mainly leasing properties   | 407,288          | 92,076          | 307,125          | 516,166          | 1,322,655        |
| <b>Subtotal</b>                     | <b>4,663,418</b> | <b>92,076</b>   | <b>307,125</b>   | <b>516,166</b>   | <b>5,578,785</b> |
| <b>Impairment loss estimate</b>     | <b>-</b>         | <b>(46,038)</b> | <b>(230,344)</b> | <b>(516,166)</b> | <b>(792,548)</b> |
| <b>Total</b>                        | <b>4,663,418</b> | <b>46,038</b>   | <b>76,781</b>    | <b>-</b>         | <b>4,786,237</b> |

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The notes incorporated into the above two tables are explained at the foot of the table at the beginning of this note.

The detail of provisioned amounts as of June 30, 2020 and as of December 31, 2019 is as follows:

|                          | Impairment<br>ThCLP\$ |
|--------------------------|-----------------------|
| Balance as of 12.31.2019 | (792,548)             |
| Annual variation         | (49,920)              |
| Balance as of 06.30.2020 | (842,468)             |

#### 10. Balances and transactions with related parties

- a) The following items correspond to accounts receivable from related parties as of June 30, 2020 and as of December 31, 2019:

**CORRIENTE:**

| Sociedad                                     | RUT | País<br>Origen | Naturaleza de<br>la relación | Origen de la<br>transacción | Moneda | 30.06.2020<br>M\$ | 31.12.2019<br>M\$ |
|--|-----|----------------|------------------------------|-----------------------------|--------|-------------------|-------------------|
| Estado de Chile                              |     | Chile          | Propietario (1)              | Transferencias              | Pesos  | 47.928.729        | 85.606.015        |
| Ministerio de Transportes (Metro Valparaiso) |     | Chile          | Em. Del Estado (3)           | Tarifa escolar              | Pesos  | 237.625           | 567.835           |
| Ministerio de Transportes (Fesur)            |     | Chile          | Em. Del Estado (2)           | Subsidio Coronel            | Pesos  | 2.905.562         | 2.014.871         |
| Ministerio de Transportes (Metro Valparaiso) |     | Chile          | Em. Del Estado (2)           | 8 Automotores               | Pesos  | 1.014.290         | 1.080.626         |
| Ministerio de Transportes (Tren Central)     |     | Chile          | Em. Del Estado (2)           | 4 Automotores               | Pesos  | 672.531           | 672.531           |
| <b>Total Corriente</b>                       |     |                |                              |                             |        | <b>52.758.737</b> | <b>89.941.878</b> |

**NO CORRIENTE:**

| Sociedad                                     | RUT | Origen | la relación        | transacción      | Moneda | 30.06.2020<br>M\$  | 31.12.2019<br>M\$  |
|--|-----|--------|--------------------|------------------|--------|--------------------|--------------------|
| Estado de Chile                              |     | Chile  | Propietario (1)    | Transferencias   | Pesos  | 33.993.927         | 52.610.718         |
| Ministerio de Transportes (Fesur)            |     | Chile  | Em. Del Estado (2) | Subsidio Coronel | Pesos  | 36.239.010         | 36.420.758         |
| Ministerio de Transportes (Metro Valparaiso) |     | Chile  | Em. Del Estado (2) | 8 Automotores    | Pesos  | 19.642.447         | 19.377.905         |
| Ministerio de Transportes                    |     | Chile  | Em. Del Estado (2) | 4 automotores    | Pesos  | 10.928.545         | 9.960.045          |
| <b>Total no Corriente</b>                    |     |        |                    |                  |        | <b>100.803.929</b> | <b>118.369.426</b> |

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- (1) The accounts receivable from the Chilean State represent the balances of the contributions of funds committed by the Chilean State as of June 30, 2020. As of December 31, 2019, the transactions (transfers) and the corresponding values are as follows:

| Transfer 2020 - Budget Law                               | Budget law 2020           |                          | To receive law 2020<br>ThCLP\$ | Balance December 2019<br>ThCLP\$ |
|--|---------------------------|--------------------------|--------------------------------|----------------------------------|
|  | Committed 2020<br>ThCLP\$ | Received 2020<br>ThCLP\$ |                                |                                  |
| Infrastructure Maintenance                               | 25,275,133                | 8,782,540                | 16,492,593                     | 25,275,133                       |
| Rehabilitation and maintenance of Arica - La Paz railway | 1,539,000                 | -                        | 1,539,000                      | 1,539,000                        |
| Debt Service (amortizations)                             | 4,814,273                 | 2,428,203                | 2,386,070                      | 4,814,273                        |
| Debt Interest  | 53,977,609                | 26,466,543               | 27,511,066                     | 53,977,609                       |
| <b>Totals current</b>                                    | <b>85,606,015</b>         | <b>37,677,286</b>        | <b>47,928,729</b>              | <b>85,606,015</b>                |

| Transfer 2020 - Budget Law             | Committed 2020<br>ThCLP\$ | Received 2019<br>ThCLP\$ | To receive law 2020<br>ThCLP\$ | Balance December 2019<br>ThCLP\$ |
|--|---------------------------|--------------------------|--------------------------------|----------------------------------|
| Investments Triennial Plans 2020-2022  | 25,377,136                | -                        | 25,377,136                     | 35,377,136                       |
| Investments in existing Infrastructure | 17,233,582                | 8,616,792                | 8,616,791                      | 17,233,582                       |
| <b>Totals non-current</b>              | <b>42,610,718</b>         | <b>8,616,792</b>         | <b>33,993,927</b>              | <b>52,610,718</b>                |

- (2) The accounts receivable from the Ministry of Transport represent the contributions of funds committed by that Ministry for a total of 20 annual installments covering the following projects:

- Railroad expansion Bío-Bío Coronel UF 1.753.990,235
- Merval rolling stock and infrastructure purchase UF 919,544,958
- Additional rolling stock purchase Rancagua Express UF 493,684,283

- (3) This balance includes the compensation made by the Ministry of Transport and Telecommunications for the public's reduced fares from Metro Valparaíso.

- (4) These accounts receivable correspond to the dividends assigned to EFE in an ordinary Shareholders' Meeting of Inmobiliaria Paseo Estación S.A.

- b) The company's personnel are distributed as follows:

| Staffing consolidated information | 06.30.2020   | 06.30.2019   |
|-----------------------------------|--------------|--------------|
| Managers and chief executives     | 73           | 61           |
| Professionals and Technicians     | 734          | 751          |
| Other                             | 945          | 972          |
| <b>Totals</b>                     | <b>1,752</b> | <b>1,784</b> |



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c) Board of Directors' remuneration

DFL No. 24 stating the Executives' remuneration establishes attendance fees for a monthly payment amounting to 6 UTM (Monthly Taxable Unit or Unidad Tributaria Mensual in Spanish) a monthly cap amounting to 12 UTM and a fixed monthly remuneration amounting to 7 UTM. Remunerations paid to the Board of Directors from Empresa de los Ferrocarriles del Estado during the six-month periods ended June 30, 2020 and 2019 are as follows:

| Remuneration paid to the Board of Directors                |                      | For the three months<br>ended 06.30.2020<br>ThCLP\$ | For the three months<br>ended 06.30.2019<br>ThCLP\$ |
|--|----------------------|---|---|
| <b>CEO, Vice chairman and Directors</b>                    |                      |   |   |
|  | <b>Incorporation</b> |   |   |
| Pedro Pablo Errázuriz Domínguez - CEO                      | 05-10-18             | 10,050  | 10,467  |
| Cristián Andrés Ureta Larraín - Vice chairman              | 05-10-18             | 5,025   | 4,943   |
| Isabel Margarita Romero Muñoz                              | 01-10-20             | 5,025   | -   |
| María Verónica Morales Mena                                | 05-10-18             | 5,025   | 5,523   |
| Cristián Solís de Ovando Lavín                             | 05-10-18             | 5,025   | 5,523   |
| Joaquín Braham Barril                                      | 05-10-18             | 5,025   | 5,523   |
| María Eugenia Torres Henríquez                             | 12-02-19             | 4,542   | -   |
| María Eugenia Rebolledo Sandoval (Workers' representative) | 09-11-18             | 5,025   | 5,523   |
| <b>Former Directors</b>                                    |                      |   |   |
|  | <b>Term</b>          |   |   |
| Víctor Germán Correa Díaz                                  | 05-10-18             | -   | 5,523   |
| María Cecilia Godoy Cruz                                   | 01-10-20             | -   | 5,523   |

d) Senior Management remuneration

Remunerations paid by the Group to the Senior Management are as follows:

| Senior Management<br>remuneration consolidated<br>information | For the three month<br>period ended June<br>30, 2020<br>ThCLP\$ | For the three month<br>period ended June<br>30,2019<br>ThCLP\$ |
|---|---|--|
| Remuneration  | 1,471,884   | 1,790,377  |
| Other benefits  | 332,835   | 297,027  |
| <b>Totals</b>   | <b>1,804,719</b>  | <b>2,087,404</b>   |

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**11. Inventories**

The detail of this item as of June 30, 2020 and as of December 31, 2019 is as follows:

| <b>Inventories</b>                          | <b>06.30.2020</b> | <b>12.31.2019</b> |
|---|-------------------|-------------------|
|   | <b>ThCLP\$</b>    | <b>ThCLP\$</b>    |
| PVC Cards (Metroval Tren Central)           | 77,708            | 125,986           |
| Spare parts for electromechanical equipment | 184,519           | 65,882            |
| Spare parts for Internal computing          | 1,064             | 13,305            |
| <b>Totals</b>                               | <b>263,291</b>    | <b>205,173</b>    |

Inventories correspond to the PVC contactless cards (Metroval and Tren Central) which are sold to the users of Metro Regional Valparaíso and Tren Central. PVC contactless cards are a high turnover item which does not show wear and tear, except from those which could possibly show technical problems that will be replaced by the provider. Spare parts considering computers and electromechanical equipment, especially the toll system (turnstiles), are also part of this item.

**12. Investment accounted for under the equity method**

The detail of such companies, as well as the summary for their financial information for the six-month and twelve-month periods ended June 30, 2020 and December 31, 2019, respectively, is as follows:

- a) Inmobiliaria Paseo Estación S.A. - IPESA, (Taxpayer No. 96.547.010-7)

The corporate purpose of IPESA is to carry out activities related to marketing and industry, as well as other activities such as acquiring, disposing of, giving and receiving in lease or sublease personal property to build on them and conducting real estate-type activity. It has equity participation in Plaza Estación S.A., Administradora de Comercio Ltda. and Terminal San Borja S.A.

EFE exerts significant influence on this company through its right to appoint a Director who is part of its Board and participates in the policy setting processes, including decisions on dividends and other distributions. There are significant transactions between EFE and IPESA.

As of June 30, 2020 and as of December 31, 2019, EFE's share in this related company corresponds to 17% of its equity; the remaining 83% belongs to Parque Arauco S.A.

As of the closing date of these interim consolidated financial statements, the recorded amount of this investment, accounted for under the equity method, amounts to ThCLP\$13,577,713 (ThCLP\$ 12,909,067 as of December 31, 2019). The Company's share of the period's profit amounted to ThCLP\$ 327,724 (ThCLP\$ 759.837 as of June 30, 2019 of the period's profits).

Dividends received from this investment in 2020, amounts to ThCLP\$158,313 (ThCLP\$515,466 in 2019).

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b) Desarrollo Inmobiliario San Bernardo S.A. - DIBSA, (Taxpayer No. 96.794.010-0)

The corporate purpose of DIBSA is the commercial use of Maestranza Central San Bernardo for the development or construction of real estate projects, their administration, operation or sale with an investment recorded amount of ThCLP\$ 35,657.

EFE's equity share in DIBSA corresponds to 35%. DIBSA is not currently operating.

c) Transporte Suburbano de Pasajeros S.A. – TRANSUB (Taxpayer No. 96.850.680-3)

The Company's purpose is to provide suburban passenger transportation services and the use of its goods in complementary activities or services. TRANSUB was incorporated in 1998 together with Metro S.A. and does not provide commercial activities since that date.

EFE's share in this company equals 33.33% which has a negative equity amounting to ThCLP\$31,936 as of June 30, 2020 and as of December 2019.

During the six-month period ended March 31, 2020, there were no changes in the ownership percentages in the entities accounted for under the equity method.

d) Summary of financial information for companies accounted for under the equity method:

| 06.30.2020    | % of ownership | Assets current<br>ThCLP\$ | Assets non current<br>ThCLP\$ | Liabilities current<br>ThCLP\$ | Liabilities non current<br>ThCLP\$ | Equity<br>ThCLP\$ | Revenues<br>ThCLP\$ | Expenses revenue<br>ThCLP\$ | Income<br>03.31.2020<br>ThCLP\$ | Investments<br>ThCLP\$ | Proportional value<br>06.30.2020<br>ThCLP\$ |
|---------------|----------------|---------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------|---------------------|-----------------------------|---------------------------------|------------------------|---|
| DIBSA         | 35.00          | 19,723                    | 90,811                        | 8,656                          | -                                  | 101,878           | -                   | -                           | -                               | 35,657                 | -   |
| IPESA         | 17.00          | 10,853,233                | 91,827,157                    | 2,969,091                      | 19,842,399                         | 79,868,900        | 4,352,843           | (2,425,055)                 | 1,927,788                       | 13,577,713             | 327,724                                     |
| TRANSUB       | 33.33          | 3,983                     | -                             | -                              | 35,919                             | (31,936)          | -                   | -                           | -                               | -                      | -   |
| <b>Totals</b> |                |                           |                               |                                |                                    |                   |                     |                             |                                 | <b>13,613,370</b>      | <b>327,724</b>                              |

| 06.30.2019    | % of ownership | Assets current<br>ThCLP\$ | Assets non current<br>ThCLP\$ | Liabilities current<br>ThCLP\$ | Liabilities non current<br>ThCLP\$ | Equity<br>ThCLP\$ | Revenues<br>ThCLP\$ | Expenses revenue<br>ThCLP\$ | Income<br>12.31.2019<br>ThCLP\$ | Investments<br>ThCLP\$ | Proportional value<br>06.30.2019<br>ThCLP\$ |
|---------------|----------------|---------------------------|-------------------------------|--------------------------------|------------------------------------|-------------------|---------------------|-----------------------------|---------------------------------|------------------------|---|
| DIBSA         | 35.00          | 19,723                    | 90,811                        | 8,656                          | -                                  | 101,878           | -                   | -                           | -                               | 35,657                 | -   |
| IPESA         | 17.00          | 11,061,643                | 91,264,540                    | 6,697,612                      | 19,692,886                         | 75,935,685        | 15,846,146          | (23,145,160)                | (7,299,014)                     | 12,909,067             | 759,837                                     |
| TRANSUB       | 33.33          | 3,983                     | -                             | -                              | 35,919                             | (31,936)          | -                   | -                           | -                               | -                      | -   |
| <b>Totals</b> |                |                           |                               |                                |                                    |                   |                     |                             |                                 | <b>12,944,724</b>      | <b>759,837</b>                              |

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**13. Intangible assets other than goodwill**

Computer licenses correspond to software licenses mainly for the SAP system and the long-haul ticketing system, for which a finite useful life has been defined. Therefore, Management's criterion is to amortize them using the straight-line method over 5 years. This criterion has also been adopted for brands.

a) Intangible assets as of June 30, 2020 and as of December 31, 2019 are as follows:

| Concept           | Balances as of June 30, 2020 |                          |                  | Balances as of December 31, 2019 |                          |                  |
|-------------------|------------------------------|--------------------------|------------------|----------------------------------|--------------------------|------------------|
|                   | Historical cost              | Accumulated amortization | Book value       | Historical Cost                  | Accumulated amortization | Book value       |
|                   | ThCLP\$                      | ThCLP\$                  | ThCLP\$          | ThCLP\$                          | ThCLP\$                  | ThCLP\$          |
| Trademarks        | 205,153                      | (204,920)                | 233              | 205,153                          | (204,920)                | 233              |
| Software licenses | 6,121,979                    | (3,490,083)              | 2,631,896        | 6,032,999                        | (3,185,021)              | 2,847,978        |
| <b>Totals</b>     | <b>6,327,132</b>             | <b>(3,695,003)</b>       | <b>2,632,129</b> | <b>6,238,152</b>                 | <b>(3,389,941)</b>       | <b>2,848,211</b> |

b) The movements at June 30, 2020 and at December 31, 2019 are as follows:

| Movements                               | Trademarks<br>ThCLP\$ | Software licenses<br>computational<br>ThCLP\$ | Book value<br>ThCLP\$ |
|---|-----------------------|---|-----------------------|
| <b>Balances as of December 31, 2018</b> | 233                   | 2,518,323                                     | 2,518,556             |
| Additions                               | -                     | 856,821                                       | 856,821               |
| Amortization                            | -                     | (527,166)                                     | (527,166)             |
| <b>Balances as of December 31, 2019</b> | 233                   | 2,847,978                                     | 2,848,211             |
| Additions                               | -                     | 88,980  | 88,980                |
| Amortization                            | -                     | (305,062)                                     | (305,062)             |
| <b>Balances as of June 30, 2020</b>     | <b>233</b>            | <b>2,631,896</b>                              | <b>2,632,129</b>      |

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**14. Property, plant and equipment**

Property, plant and equipment detail as of June 31, 2020 and 2019 is as follows:

a) Detail of property, plant and equipment as of June 30, 2020 and as of December 31, 2019:

| Types of property, plant and equipment, net                 | Balance as of         |                       |
|---|-----------------------|-----------------------|
|   | 06.30.2020<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ |
| <b>Property, Plant and Equipment, Net</b>                   | <b>1,378,904,886</b>  | <b>1,358,754,390</b>  |
| Work in progress  | 244,669,029           | 208,129,550           |
| Land  | 110,582,527           | 110,582,527           |
| Buildings   | 105,594,356           | 107,106,448           |
| Civil works of railway infrastructure                       | 652,824,074           | 661,420,404           |
| Signal, electrical, substation and communications equipment | 119,537,368           | 123,508,453           |
| Rolling material  | 131,973,688           | 135,321,982           |
| Machinery and tools   | 2,371,103             | 2,367,741             |
| Materials and spare parts                                   | 6,257,105             | 5,829,815             |
| Right of use assets   | 571,880               | 373,616               |
| Others  | 4,523,756             | 4,113,854             |

| Types of property, plant and equipment, gross               | Balance as of         |                       |
|---|-----------------------|-----------------------|
|   | 06.30.2020<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ |
| <b>Property, plant and equipment, gross</b>                 | <b>1,704,181,287</b>  | <b>1,666,052,105</b>  |
| Work in progress  | 244,669,029           | 208,129,552           |
| Land  | 110,582,527           | 110,582,527           |
| Buildings   | 127,213,316           | 127,202,245           |
| Civil works of railway infrastructure                       | 801,340,177           | 801,340,177           |
| Signal, electrical, substation and communications equipment | 194,471,671           | 194,454,887           |
| Rolling material  | 206,517,971           | 206,529,317           |
| Machinery and tools   | 3,980,576             | 3,904,473             |
| Materials and spare parts                                   | 6,257,105             | 5,829,815             |
| Right of use assets   | 817,900               | 373,616               |
| Others  | 8,331,015             | 7,705,496             |

| Types of property, plant and equipment, Accumulated depreciation        | Balance as of         |                       |
|---|-----------------------|-----------------------|
|   | 06.30.2020<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ |
| <b>Total of property, plant and equipment, Accumulated depreciation</b> | <b>(325,276,401)</b>  | <b>(307,297,715)</b>  |
| Buildings   | (21,618,960)          | (20,095,797)          |
| Civil works of railway infrastructure                                   | (148,516,103)         | (139,919,773)         |
| Signal, electrical, substation and communications equipment             | (74,934,303)          | (70,946,434)          |
| Rolling material  | (74,544,283)          | (71,207,335)          |
| Machinery and tools   | (1,609,473)           | (1,536,732)           |
| Amortization for right of use assets                                    | (246,020)             | -                     |
| Others  | (3,807,259)           | (3,591,644)           |

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b) The movements considering Property, Plant and Equipment at net, gross and accumulated depreciation values are as follows:

The movements as of the six-month period ended June 30, 2020 of the items that make up property, plant and equipment are as follows:

| Movements                                | Work in progress   | Land               | Buildings          | Civil Works of Railway Infrastructure | Signal equipment, electrical, SS, EE and communications | Rolling material   | Machinery and tools | Materials and spare parts | Right of use assets | Others           | Property, Plant and Equipment, Net |
|--|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------|---------------------|---------------------------|---------------------|------------------|------------------------------------|
|  | ThCLP\$            | ThCLP\$            | ThCLP\$            | ThCLP\$                               | ThCLP\$   | ThCLP\$            | ThCLP\$             | ThCLP\$                   | ThCLP\$             | ThCLP\$          | ThCLP\$                            |
| <b>Balance net as of January 1, 2020</b> | <b>208,129,550</b> | <b>110,582,527</b> | <b>107,106,448</b> | <b>661,420,404</b>                    | <b>123,508,453</b>                                      | <b>135,321,982</b> | <b>2,367,741</b>    | <b>5,829,815</b>          | <b>373,616</b>      | <b>4,113,854</b> | <b>1,358,754,390</b>               |
| Purchases                                | 37,018,015         |                    | 11,071             |                                       | 16,784  | 27,095             | 14,398              | 433,181                   | 444,284             | 598,843          | 38,563,671                         |
| Transfers                                | (463,800)          |                    |                    |                                       |   | 375,419            | 61,705              |                           |                     | 26,676           | -                                  |
| Disposals                                | (14,738)           |                    |                    |                                       |   | (413,860)          |                     | (5,891)                   |                     |                  | (434,489)                          |
| Depreciation expense                     |                    |                    | (1,523,163)        | (8,596,330)                           | (3,987,869)   | (3,522,560)        | (72,741)            |                           | (246,020)           | (215,615)        | (18,164,298)                       |
| Accumulated Depreciation (disposals)     |                    |                    |                    |                                       |   | 185,612            |                     |                           |                     |                  | 185,612                            |
| Total movements                          | 36,539,477         | -                  | (1,512,092)        | (8,596,330)                           | (3,971,085)   | (3,348,294)        | 3,362               | 427,290                   | 198,264             | 409,904          | 20,150,496                         |
| <b>Balance as of June 30, 2020</b>       | <b>244,669,027</b> | <b>110,582,527</b> | <b>105,594,356</b> | <b>652,824,074</b>                    | <b>119,537,368</b>                                      | <b>131,973,688</b> | <b>2,371,103</b>    | <b>6,257,105</b>          | <b>571,880</b>      | <b>4,523,758</b> | <b>1,378,904,886</b>               |

The movements as of the year ended December 31, 2019 of the items that make up property, plant and equipment are as follows:

| Movements                                  | Work in progress   | Land               | Buildings          | Civil Works of railway infrastructure | Signal equipment, electrical, SS, EE and communications | Rolling material   | Machinery and tools | Materials and spare parts | Right of use assets | Others           | Property, Plant and Equipment, Net |
|--|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------|---------------------|---------------------------|---------------------|------------------|------------------------------------|
|  | ThCLP\$            | ThCLP\$            | ThCLP\$            | ThCLP\$                               | ThCLP\$   | ThCLP\$            | ThCLP\$             | ThCLP\$                   | ThCLP\$             | ThCLP\$          | ThCLP\$                            |
| <b>Balance net as of January 1, 2019</b>   | <b>102,321,286</b> | <b>110,656,150</b> | <b>109,960,143</b> | <b>671,421,609</b>                    | <b>129,779,546</b>                                      | <b>141,191,061</b> | <b>2,482,984</b>    | <b>5,316,174</b>          |                     | <b>4,664,017</b> | <b>1,277,792,970</b>               |
| Purchases                                  | 116,356,988        |                    | 89,652             | 1,040,000                             | 45,173  | 106,093            | 34,600              | 868,209                   | 373,616             | 283,141          | 119,197,472                        |
| Transfers                                  | (10,275,485)       |                    | 126,128            | 6,579,887                             | 2,577,191   | 976,562            |                     |                           |                     | 15,717           | -                                  |
| Disposals                                  | (273,239)          | (73,623)           | (1,632)            | (924,265)                             | (1,293,481)   | (168,958)          | -465                | (354,568)                 |                     | (357,424)        | (3,447,655)                        |
| Depreciation expense                       |                    |                    | (3,067,929)        | (17,099,966)                          | (8,074,958)   | (6,829,329)        | (149,378)           |                           |                     | (491,597)        | (35,713,157)                       |
| Accumulated Depreciation (disposals)       |                    |                    | 86                 | 403,139                               | 474,982   | 46,553             |                     |                           |                     |                  | 924,760                            |
| Total movements                            | 105,808,264        | (73,623)           | (2,853,695)        | (10,001,205)                          | (6,271,093)   | (5,869,079)        | (115,243)           | 513,641                   | 373,616             | (550,163)        | 80,961,420                         |
| <b>Balance net as of December 31, 2019</b> | <b>208,129,550</b> | <b>110,582,527</b> | <b>107,106,448</b> | <b>661,420,404</b>                    | <b>123,508,453</b>                                      | <b>135,321,982</b> | <b>2,367,741</b>    | <b>5,829,815</b>          | <b>373,616</b>      | <b>4,113,854</b> | <b>1,358,754,390</b>               |

EFE neither has plans nor obligations to dismantle assets; therefore, no provisions established for this item have been recorded.

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- c) The Company does not have fully depreciated motor vehicles that are still in use.
- d) As of June 30, 2020, the main works in progress carried out by the Company under the three-year development plans of 2011-2013; 2014-2016 and 2017-2019 are as follows: Rehabilitation and major maintenance of railways, ThCLP\$52,394,320; Bridge Reconstruction and Rehabilitation, construction of pedestrian and vehicular crossings, Rancagua Express Project, ThCLP\$37,354,380; Major maintenance of railways ThCLP\$34,803,56; Construction and rehabilitation Railroad crossings ThCLP\$28.493.706; Acquisition of new trains for ThCLP\$18,120,624; Melitren Project ThCLP\$12,311,486; Buy railroad diverters ThCLP\$11,251,325; Projects in the Valparaíso Metro ThCLP\$11,143,078; Batuco Project ThCLP\$8,382,943; Buy Railroad Infrastructure ThCLP\$7,264,959; New construction Via Quillota Barrancas and San Antonio ThCLP\$5,090,969; Rehabilitation of Signal Systems and Electrification ThCLP\$3,926,255; Remodeling of Stations ThCLP\$2,764,645; Studies and Other Minor Projects ThCLP\$2,553,928; Substation rehabilitation ThCLP\$2,011,296; Major Maintenance Systems SEC ThCLP\$1,976,156; Access routes to ports ThCLP\$606,873; Major maintenance of rolling equipment ThCLP\$1,832,767; Other minor projects ThCLP\$2,385,755; The Valparaíso Metro projects are subdivided into the following subprojects; Replacement of Electrification Systems ThCLP\$2,528,260; Villa Alemana Substation Rehabilitation; ThCLP\$2,338,339; Remodeling of Stations ThCLP\$1,493,623; Railroad Rehabilitation ThCLP\$1,303,282; CTC platform replacement ThCLP\$1,052,188; Security Systems ThCLP\$1,085,125 and other projects ThCLP\$1,342,259.

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**15. Investment properties**

EFE classifies in this item a group of land properties (173 properties in different regions). There is no intention to sell such properties in the medium term. Such properties, basically land, are recorded at cost and kept obtaining capital gains. The fair value of these assets cannot be disclosed since there is no similar active market that allows assigning a value, this due to the specificity of the assets of the company (branches, roads and properties that are related to the railway line).

Districts where such properties are located and their recorded values are as follows:

| District                           | 06.30.2020<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ |
|------------------------------------|-----------------------|-----------------------|
| Estación Central                   | 23,813,096            | 23,824,110            |
| San Bernardo                       | 2,045,789             | 2,045,789             |
| Coquimbo                           | 331,178               | 331,178               |
| Freire                             | 245,560               | 245,560               |
| Los Ángeles                        | 240,145               | 240,145               |
| Concepción                         | 464,587               | 464,587               |
| San Antonio                        | 125,366               | 125,366               |
| Padre Hurtado                      | 117,470               | 117,470               |
| Llanquihue                         | 107,526               | 107,526               |
| Collipulli                         | 103,109               | 103,109               |
| O'Higgins                          | 117,553               | 117,553               |
| Maule                              | 1,072,177             | 1,072,177             |
| Biobío                             | 36,232                | 36,232                |
| Araucanía                          | 576,112               | 576,112               |
| Los Lagos                          | 331,867               | 331,867               |
| Metropolitana                      | 168,007               | 168,007               |
| Los Ríos                           | 35,315                | 35,315                |
| Viña del Mar                       | 697,618               | 697,618               |
| Limache                            | 58,018                | 58,018                |
| Villa Alemana                      | 113,874               | 113,874               |
| Quilpue                            | 182,844               | 182,844               |
| Puerto Montt Faja Vía              | 19,487                | 19,487                |
| Parral                             | 75,123                | 75,123                |
| Chillán                            | 553,507               | 553,507               |
| Other                              | 143,172               | 143,172               |
| Valparaíso                         | 262,243               | 262,243               |
| Curicó                             | 139,512               | 139,512               |
| Tomé                               | 9,086                 | 9,086                 |
| <b>Total investment properties</b> | <b>32,185,573</b>     | <b>32,196,587</b>     |



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ckarEFE includes certain land and buildings under investment properties since they generate income derived from rentals and direct operating expenses as follows:

| Revenue and expenses for investment properties | 01.01.2020 to<br>06.30.2020<br>ThCLP\$ | 01.01.2019 to<br>06.30.2019<br>ThCLP\$ | 04.01.2020 to<br>06.30.2020<br>ThCLP\$ | 04.01.2019 to<br>06.30.2019<br>ThCLP\$ |
|--|--|--|--|--|
| Income for leasing                             | 1,707,170                              | 1,142,956                              | 821,726                                | 591,233                                |
| Income for leasing Paseo Estación              | 250,101                                | 243,189                                | 125,482                                | 121,594                                |
| Direct operating expenses                      | (341,615)                              | (303,801)                              | (80,233)                               | (107,803)                              |

Rental income is included in revenue, note 22.

## 16. Income taxes

| Taxes Assets              | 06.30.2020<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ |
|---------------------------|-----------------------|-----------------------|
| Taxes to recover          | 9,217,766             | 12,052,108            |
| Current tax assets        | 492,373               | 549,366               |
| <b>Total taxes assets</b> | <b>9,710,139</b>      | <b>12,601,474</b>     |

- **General information**

In the normal course of its operations, EFE is regulated and supervised by the SII (Chilean Internal Revenue Service) As a result, differences may arise concerning the application of criteria in determining taxes.

- **Current tax assets**

EFE records ThCh\$492,373 and ThCh\$549,366 as of June 30, 2020 and 2019, respectively in current tax assets for Credit for Training Expenses, Payments Monthly Provisions and Absorbed Profits.

- **Taxes to recover**

The recoverable taxes classified in this item correspond to the value of the Recoverable Added Value for purchases of fixed assets, by virtue of article 27 bis of the Law of VAT.

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Details of Taxes to recover:

| <u>For the period</u>     | <u>UTM</u>        | <u>06.30.2020</u><br><u>ThCLP\$</u> |
|---------------------------|-------------------|-------------------------------------|
| August 2017-February 2018 | 32,305.28         | 1,603,085                           |
| March 2018- August 2018   | 5,743.51          | 285,010                             |
| October 2019 - April 2020 | 106,531.00        | 5,366,157                           |
|                           | <u>144,579.79</u> | <u>7,254,252</u>                    |
| May-20                    |                   | 1,077,993                           |
| Jun-20                    |                   | 885,521                             |
|                           | <b>Totals</b>     | <u><u>9,217,766</u></u>             |

| <u>For the period</u>       | <u>UTM</u>        | <u>12.31.2019</u><br><u>ThCLP\$</u> |
|-----------------------------|-------------------|-------------------------------------|
| August 2017-February 2018   | 32,305.28         | 1,603,085                           |
| March 2018- August 2018     | 5,743.51          | 285,010                             |
| September 2018 - March 2019 | 29,499.40         | 1,463,849                           |
| April 2019- September 2019  | 100,368.32        | 4,980,577                           |
|                             | <u>167,916.51</u> | <u>8,332,521</u>                    |
| Oct-19                      |                   | 1,485,574                           |
| Nov-19                      |                   | 1,051,515                           |
| Dec-19                      |                   | 1,182,498                           |
|                             | <b>Totals</b>     | <u><u>12,052,108</u></u>            |

**EMPRESA DE LOS FERROCARRILES DEL ESTADO AND SUBSIDIARIES**  
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**17. Other current and non-current financial liabilities**

As of June 30, 2020, and December 31, 2019, bank loans and bonds have been included as below at the effective rate method:

| As of June 30, 2020 |          | Maturity         |                   | Total current     | Maturity          |                   |                      | Total Non-current    |
|---------------------|----------|------------------|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|
|                     |          | Until 90 days    | 90 days to 1 year |                   | 1 to 3 years      | 3 to 5 years      | More than 5 years    |                      |
| Nature              | Currency | ThCLP\$          | ThCLP\$           | ThCLP\$           | ThCLP\$           | ThCLP\$           | ThCLP\$              | ThCLP\$              |
| Bank debt           | UF       | -                | 5,227,483         | 5,227,483         | 7,656,789         | 8,397,193         | 49,188,166           | 65,242,148           |
| Bank debt           | \$       | -                | 3,638,432         | 3,638,432         | -                 | -                 | -                    | -                    |
| Bonds               | UF       | 1,220,041        | 9,764,074         | 10,984,115        | 24,783,077        | 42,697,371        | 1,393,290,147        | 1,460,770,595        |
| <b>Totals</b>       |          | <b>1,220,041</b> | <b>18,629,989</b> | <b>19,850,030</b> | <b>32,439,866</b> | <b>51,094,564</b> | <b>1,442,478,313</b> | <b>1,526,012,743</b> |

| As of December 31, 2019 |          | Maturity         |                   | Total current     | Maturity          |                   |                      | Total Non-current    |
|-------------------------|----------|------------------|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|
|                         |          | Until 90 days    | 90 days to 1 year |                   | 1 a 3 years       | 3 to 5 years      | More than 5 years    |                      |
| Nature                  | Currency | ThCLP\$          | ThCLP\$           | ThCLP\$           | ThCLP\$           | ThCLP\$           | ThCLP\$              | ThCLP\$              |
| Bank debt               | UF       | -                | 3,539,270         | 3,539,270         | 7,553,668         | 8,284,099         | 48,525,707           | 64,363,474           |
| Bank debt               | \$       | -                | 1,814,562         | 1,814,562         | -                 | -                 | -                    | -                    |
| Bonds                   | UF       | 1,201,898        | 9,152,608         | 10,354,506        | 23,421,664        | 41,538,695        | 1,259,333,744        | 1,324,294,103        |
| <b>Totals</b>           |          | <b>1,201,898</b> | <b>14,506,440</b> | <b>15,708,338</b> | <b>30,975,332</b> | <b>49,822,794</b> | <b>1,307,859,451</b> | <b>1,388,657,577</b> |

Detail about the placement of the latest local bonds issued:

| Series | Amount UF | Date of placement | Term years | Nominal rate | Placement rate |
|--------|-----------|-------------------|------------|--------------|----------------|
| V      | 7,800,000 | 12.06.2012        | 21         | 3.7%         | 3.69%          |
| X      | 1,895,000 | 04.09.2013        | 26         | 3.7%         | 3.54%          |
| z      | 2,900,000 | 12.20.2013        | 29.5       | 3.6%         | 3.23%          |
| AB     | 3,000,000 | 06.24.2015        | 29.5       | 3.6%         | 3.19%          |
| AC (1) | 2,850,000 | 01.04.2017        | 29.5       | 3.0%         | 2.15%          |
| AD (2) | 3,600,000 | 04.10.2019        | 30         | 2.7%         | 1.90%          |
| AF (3) | 3,870,000 | 06.10.2020        | 30         | 1.5%         | 1.02%          |

- (1) On January 19, 2017, by auction on the Santiago stock exchange, all the Empresa de los Ferrocarriles del Estado Series AC Bonds, registered on January 4, 2017 in the Financial Market Commission registry under the number 852, amounting to UF 2,850,000 were placed at a final rate of 2.16% per year. The aforementioned Series AC Bond issue includes a Chilean State guarantee. The funds raised with the bonds will be used to finance the Rancagua Express project.
- (2) On April 10, 2019, by auction on the Santiago stock exchange, all the Empresa de los Ferrocarriles del Estado Series AD Bonds, amounting to UF 3,600,000 were placed at a final rate of 1.9% per year. The aforementioned Series AD Bond issue includes a Chilean State guarantee.
- (3) On June 10, 2020, by auction on the Santiago stock exchange, all the Empresa de los Ferrocarriles del Estado Series AF Bonds, amounting to UF 3,870,000, were placed at a final rate of 1.02% per year. The aforementioned Series AF Bond issue includes a Chilean State guarantee.

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Other current and non-current financial liabilities are as follows:

a) The long-term bank borrowings and their short-term portion as of June 31, 2020 (no audited) and December 31, 2019 are as follows:

As of June 30, 2020

| Tax payer ID<br>CREDITOR | Bank or<br>Financial<br>Entity | Currency | Principal balance<br>in Denominated<br>Currency | Rate      |                 | Current                     |                                 |                             | Non-current                |                            |                                 | Total<br>Non-current<br>ThCLP\$ |
|--------------------------|--------------------------------|----------|---|-----------|-----------------|-----------------------------|---------------------------------|-----------------------------|----------------------------|----------------------------|---------------------------------|---------------------------------|
|                          |                                |          |   | Effective | Stated          | Maturity                    |                                 | Total<br>Current<br>ThCLP\$ | Maturity                   |                            |                                 |                                 |
|                          |                                |          |   |           |                 | until<br>90 days<br>ThCLP\$ | 90 days<br>to 1 year<br>ThCLP\$ |                             | 1 to 3<br>years<br>ThCLP\$ | 3 to 5<br>years<br>ThCLP\$ | More than<br>5 years<br>ThCLP\$ |                                 |
| UF Fixed Rate Credits    |                                |          | <b>2,397,606</b>                                |           |                 |                             | <b>5,227,483</b>                | <b>5,227,483</b>            | <b>7,656,789</b>           | <b>8,397,193</b>           | <b>49,188,166</b>               | <b>65,242,148</b>               |
|                          | BCO CHILE SINDICADO            | UF       | 1,077,619                                       | 4.8016%   | 4.50%           | -                           | 2,351,102                       | 2,351,102                   | 3,434,884                  | 3,769,497                  | 22,122,983                      | 29,327,364                      |
|                          |                                | UF       | 1,319,986                                       | 4.7387%   | 4.50%           | -                           | 2,876,381                       | 2,876,381                   | 4,221,905                  | 4,627,696                  | 27,065,183                      | 35,914,784                      |
| Credits on \$            |                                |          | <b>1,827,695</b>                                |           |                 |                             | <b>3,638,432</b>                | <b>3,638,432</b>            |                            |                            |                                 |                                 |
|                          | BANCO SCOTIABANK               | \$       | 914,084   |           | TAB 3 M + 0,37% | -                           | 918,428                         | 918,428                     |                            |                            |                                 |                                 |
|                          | BANCO DE CHILE                 | \$       | 913,611   |           | TAB 3 M + 0,25% | -                           | 920,004                         | 920,004                     |                            |                            |                                 |                                 |
|                          | BANCO SANTANDER                |          | 1,800,000                                       | 0.0625%   | 0.0625%         |                             | 1,800,000                       | 1,800,000                   |                            |                            |                                 |                                 |
|                          |                                |          | <b>Total bank credit</b>                        |           |                 | -                           | <b>8,865,915</b>                | <b>8,865,915</b>            | <b>7,656,789</b>           | <b>8,397,193</b>           | <b>49,188,166</b>               | <b>65,242,148</b>               |

As of December 31, 2019

| Tax payer ID<br>CREDITOR | Bank or<br>Financial<br>Entity | Currency | Principal balance<br>in Denominated<br>Currency | Rate      |               | Current                     |                                 |                             | Non-current                |                            |                                 | Total<br>Non-current<br>ThCLP\$ |
|--------------------------|--------------------------------|----------|---|-----------|---------------|-----------------------------|---------------------------------|-----------------------------|----------------------------|----------------------------|---------------------------------|---------------------------------|
|                          |                                |          |   | Effective | Stated        | Maturity                    |                                 | Total<br>Current<br>ThCLP\$ | Maturity                   |                            |                                 |                                 |
|                          |                                |          |   |           |               | until<br>90 days<br>ThCLP\$ | 90 days<br>to 1 year<br>ThCLP\$ |                             | 1 to 3<br>years<br>ThCLP\$ | 3 to 5<br>years<br>ThCLP\$ | More than<br>5 years<br>ThCLP\$ |                                 |
| UF Fixed Rate Credits    |                                |          | <b>2,397,605</b>                                |           |               |                             | <b>3,539,269</b>                | <b>3,539,269</b>            | <b>7,553,668</b>           | <b>8,284,099</b>           | <b>48,525,707</b>               | <b>64,363,474</b>               |
|                          | BCO CHILE SINDICADO            | UF       | 1,077,619                                       | 4.8016%   | 4.50%         | -                           | 1,587,025                       | 1,587,025                   | 3,388,623                  | 3,718,729                  | 21,825,034                      | 28,932,386                      |
|                          |                                | UF       | 1,319,986                                       | 4.7387%   | 4.50%         | -                           | 1,952,244                       | 1,952,244                   | 4,165,045                  | 4,565,370                  | 26,700,673                      | 35,431,088                      |
| Credit on \$             |                                |          | <b>1,814,562</b>                                |           |               |                             | <b>1,814,562</b>                | <b>1,814,562</b>            |                            |                            |                                 |                                 |
|                          | BANCO SCOTIABANK               | \$       | 907,281   |           | TAB 3 M+0,37% | -                           | 907,281                         | 907,281                     |                            |                            |                                 |                                 |
|                          | BANCO CHILE                    | \$       | 907,281   |           | TAB 3 M+0,25% | -                           | 907,281                         | 907,281                     |                            |                            |                                 |                                 |
|                          |                                |          | <b>Total bank credit</b>                        |           |               | -                           | <b>5,353,831</b>                | <b>5,353,831</b>            | <b>7,553,668</b>           | <b>8,284,099</b>           | <b>48,525,707</b>               | <b>64,363,474</b>               |

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b) The long-term bonds and their short-term portion as of June 30, 2020 (no audited) and December 31, 2019 are as follows:

**June 30, 2020**

| Class          | Currency | Type of Amortization | Effective rate | Nominal rate | Face value | Maturity | Current                 |                             |                                       | Non current            |                        |                            |  |
|----------------|----------|----------------------|----------------|--------------|------------|----------|-------------------------|-----------------------------|---------------------------------------|------------------------|------------------------|----------------------------|--|
|                |          |                      |                |              |            |          | Maturity                |                             | Total Current to 06-30-2020<br>ThCLPS | Maturity               |                        |                            | Total non Current 06-30-2020<br>ThCLPS |
|                |          |                      |                |              |            |          | Until 90 days<br>ThCLPS | 90 days to 1 year<br>ThCLPS |                                       | 1 to 3 years<br>ThCLPS | 3 to 5 years<br>ThCLPS | 5 years and more<br>ThCLPS |  |
| Series G bond  | UF       | Biannual             | 6.37%          | 6.50%        | 1,280,000  | 2025     | -                       | 2,041,733                   | 2,041,733                             | 4,077,840              | 4,069,523              | 2,031,305                  | 10,178,668                             |
| Series H bond  | UF       | To maturity          | 6.44%          | 6.50%        | 660,000    | 2027     | 366,978                 | 1,563,399                   | 1,930,377                             | 3,858,463              | 3,855,072              | 4,813,380                  | 12,526,915                             |
| Series I bond  | UF       | To maturity          | 7.26%          | 6.80%        | 350,000    | 2028     | 853,063                 | 142,722                     | 995,785                               | 1,609,383              | 2,402,795              | 3,039,124                  | 7,051,302                              |
| Series J bond  | UF       | To maturity          | 6.53%          | 6.00%        | 340,000    | 2029     | -                       | 576,880                     | 576,880                               | 1,730,639              | 1,552,558              | 5,918,291                  | 9,201,488                              |
| Series K bond  | UF       | To maturity          | 5.94%          | 6.40%        | 720,000    | 2030     | -                       | 53,901                      | 53,901                                | 117,603                | 5,686,708              | 15,889,331                 | 21,693,642                             |
| Series L bond  | UF       | To maturity          | 5.52%          | 5.50%        | 765,000    | 2031     | -                       | 1,191,242                   | 1,191,242                             | 3,573,725              | 1,191,242              | 16,253,971                 | 21,018,938                             |
| Series M bond  | UF       | To maturity          | 5.29%          | 6.00%        | 815,000    | 2030     | -                       | 89,819                      | 89,819                                | 194,141                | 5,938,707              | 19,023,996                 | 25,156,844                             |
| Series N bond  | UF       | To maturity          | 5.05%          | 5.70%        | 2,000,000  | 2033     | -                       | 196,489                     | 196,489                               | 423,259                | 467,105                | 60,748,579                 | 61,638,943                             |
| Series O bond  | UF       | To maturity          | 5.03%          | 5.70%        | 1,860,000  | 2033     | -                       | 185,437                     | 185,437                               | 399,328                | 440,515                | 56,917,215                 | 57,757,058                             |
| Series P bond  | UF       | To maturity          | 4.54%          | 5.70%        | 2,400,000  | 2033     | -                       | 432,877                     | 432,877                               | 925,600                | 1,011,544              | 76,264,987                 | 78,202,131                             |
| Series Q bond  | UF       | To maturity          | 4.81%          | 5.70%        | 2,750,000  | 2034     | -                       | 363,329                     | 363,329                               | 779,922                | 856,746                | 84,874,696                 | 86,511,364                             |
| Series R bond  | UF       | To maturity          | 3.74%          | 5.20%        | 3,500,000  | 2034     | -                       | 852,307                     | 852,307                               | 1,801,358              | 1,938,509              | 114,441,374                | 118,181,241                            |
| Series S bond  | UF       | To maturity          | 3.10%          | 4.00%        | 2,600,000  | 2035     | -                       | 425,727                     | 425,727                               | 891,410                | 947,469                | 80,891,383                 | 82,730,262                             |
| Series T bond  | UF       | To maturity          | 3.90%          | 4.40%        | 2,400,000  | 2036     | -                       | 190,017                     | 190,017                               | 402,529                | 434,503                | 73,285,624                 | 74,122,656                             |
| Series V bond  | UF       | To maturity          | 3.69%          | 3.70%        | 7,800,000  | 2037     | -                       | 13,665                      | 13,665                                | 28,867                 | 31,036                 | 225,441,714                | 225,501,617                            |
| Series X bond  | UF       | To maturity          | 3.58%          | 3.70%        | 1,895,000  | 2039     | -                       | 34,555                      | 34,555                                | 1,069,751              | 8,864,583              | 45,969,088                 | 55,903,422                             |
| Series Z bond  | UF       | To maturity          | 3.19%          | 3.60%        | 2,900,000  | 2043     | -                       | 163,733                     | 163,733                               | 343,322                | 365,605                | 88,442,125                 | 89,151,052                             |
| Series AB bond | UF       | To maturity          | 2.98%          | 3.00%        | 3,000,000  | 2044     | -                       | 9,843                       | 9,843                                 | 20,574                 | 21,817                 | 86,595,434                 | 86,637,825                             |
| Series AC bond | UF       | To maturity          | 2.15%          | 2.95%        | 2,850,000  | 2046     | -                       | 368,352                     | 368,352                               | 760,672                | 793,788                | 92,986,155                 | 94,540,615                             |
| Series AD bond | UF       | To maturity          | 1.91%          | 2.65%        | 3,600,000  | 2048     | -                       | 448,068                     | 448,068                               | 921,929                | 957,422                | 118,389,431                | 120,268,782                            |
| Series AF bond | UF       | To maturity          | 1.02%          | 1.50%        | 3,870,000  | 2045     | -                       | 419,979                     | 419,979                               | 852,762                | 870,124                | 121,072,914                | 122,795,800                            |
| <b>Totals</b>  |          |                      |                |              |            |          | <b>1,220,041</b>        | <b>9,764,074</b>            | <b>10,984,115</b>                     | <b>24,783,077</b>      | <b>42,697,371</b>      | <b>1,393,290,117</b>       | <b>1,460,770,565</b>                   |

**December 31, 2019**

| Class          | Currency | Type o Amortization | Effective rate | Nominal rate | Face value | Maturity | Current                 |                             |                                       | NON CURRENT:           |                        |                            | Total non Current 12.31.2019<br>ThCLPS |
|----------------|----------|---------------------|----------------|--------------|------------|----------|-------------------------|-----------------------------|---------------------------------------|------------------------|------------------------|----------------------------|--|
|                |          |                     |                |              |            |          | Maturity                |                             | Total Current to 12.31.2019<br>ThCLPS | Maturity               |                        |                            |  |
|                |          |                     |                |              |            |          | Until 90 days<br>ThCLPS | 90 days to 1 year<br>ThCLPS |                                       | 1 to 3 years<br>ThCLPS | 3 to 5 years<br>ThCLPS | 5 years and more<br>ThCLPS |  |
| Series D bond  | UF       | Biannual            | 6.70%          | 6.75%        | 700,000    | 2014     | -                       | -                           | -                                     | -                      | -                      | -                          | -                                      |
| Series F bond  | UF       | Biannual            | 6.16%          | 6.00%        | 670,000    | 2019     | -                       | -                           | -                                     | -                      | -                      | -                          | -                                      |
| Series G bond  | UF       | Biannual            | 6.37%          | 6.50%        | 1,280,000  | 2025     | -                       | 2,015,099                   | 2,015,099                             | 4,024,818              | 4,016,862              | 3,006,800                  | 11,048,480                             |
| Series H bond  | UF       | To maturity         | 6.44%          | 6.50%        | 660,000    | 2027     | 361,482                 | 1,543,248                   | 1,904,730                             | 3,807,271              | 3,804,028              | 5,699,005                  | 13,310,304                             |
| Series I bond  | UF       | To maturity         | 7.26%          | 6.80%        | 350,000    | 2028     | 840,416                 | 140,694                     | 981,110                               | 1,541,441              | 2,410,660              | 3,495,773                  | 7,447,874                              |
| Series J bond  | UF       | To maturity         | 6.53%          | 6.00%        | 340,000    | 2029     | -                       | 569,110                     | 569,110                               | 1,707,331              | 569,110                | 6,785,547                  | 9,061,988                              |
| Series K bond  | UF       | To maturity         | 5.94%          | 6.40%        | 720,000    | 2030     | -                       | 51,662                      | 51,662                                | 112,718                | 6,257,081              | 15,058,648                 | 21,428,447                             |
| Series L bond  | UF       | To maturity         | 5.52%          | 5.50%        | 765,000    | 2031     | -                       | 1,175,198                   | 1,175,198                             | 3,525,594              | 1,175,198              | 16,033,856                 | 20,734,648                             |
| Series M bond  | UF       | To maturity         | 5.29%          | 6.00%        | 815,000    | 2030     | -                       | 86,355                      | 86,355                                | 186,653                | 6,547,948              | 18,128,309                 | 24,862,910                             |
| Series N bond  | UF       | To maturity         | 5.05%          | 5.70%        | 2,000,000  | 2033     | -                       | 189,124                     | 189,124                               | 407,395                | 449,597                | 60,049,920                 | 60,906,912                             |
| Series O bond  | UF       | To maturity         | 5.03%          | 5.70%        | 1,860,000  | 2033     | -                       | 178,504                     | 178,504                               | 384,400                | 424,047                | 56,263,338                 | 57,071,785                             |
| Series P bond  | UF       | To maturity         | 4.54%          | 5.70%        | 2,400,000  | 2033     | -                       | 417,672                     | 417,672                               | 893,088                | 976,013                | 75,495,707                 | 77,364,808                             |
| Series Q bond  | UF       | To maturity         | 4.81%          | 5.70%        | 2,750,000  | 2034     | -                       | 350,115                     | 350,115                               | 751,557                | 825,588                | 83,950,417                 | 85,527,562                             |
| Series R bond  | UF       | To maturity         | 3.74%          | 5.20%        | 3,500,000  | 2034     | -                       | 825,544                     | 825,544                               | 1,744,794              | 1,877,639              | 113,391,426                | 117,013,859                            |
| Series S bond  | UF       | To maturity         | 3.10%          | 4.00%        | 2,600,000  | 2035     | -                       | 413,638                     | 413,638                               | 866,097                | 920,565                | 80,040,996                 | 81,827,658                             |
| Series T bond  | UF       | To maturity         | 3.90%          | 4.40%        | 2,400,000  | 2036     | -                       | 183,909                     | 183,909                               | 389,592                | 420,538                | 72,408,876                 | 73,219,006                             |
| Series V bond  | UF       | To maturity         | 3.69%          | 3.70%        | 7,800,000  | 2037     | -                       | 13,242                      | 13,242                                | 27,967                 | 30,068                 | 222,413,357                | 222,471,392                            |
| Series X bond  | UF       | To maturity         | 3.58%          | 3.70%        | 1,895,000  | 2039     | -                       | 33,496                      | 33,496                                | 1,054,092              | 8,747,041              | 45,366,583                 | 55,167,716                             |
| Series Z bond  | UF       | To maturity         | 3.19%          | 3.60%        | 2,900,000  | 2043     | -                       | 159,008                     | 159,008                               | 333,415                | 355,055                | 87,343,304                 | 88,031,774                             |
| Series AB bond | UF       | To maturity         | 2.98%          | 3.00%        | 3,000,000  | 2044     | -                       | 9,569                       | 9,569                                 | 20,001                 | 21,209                 | 85,434,676                 | 85,475,886                             |
| Series AC bond | UF       | To maturity         | 2.15%          | 2.95%        | 2,850,000  | 2046     | -                       | 359,540                     | 359,540                               | 742,476                | 774,799                | 91,932,742                 | 93,450,017                             |
| Series AD bond | UF       | To maturity         | 1.91%          | 2.65%        | 3,600,000  | 2048     | -                       | 437,881                     | 437,881                               | 900,964                | 935,649                | 117,034,464                | 118,871,077                            |
| <b>Totals</b>  |          |                     |                |              |            |          | <b>1,201,898</b>        | <b>9,152,608</b>            | <b>10,354,506</b>                     | <b>23,421,664</b>      | <b>41,538,695</b>      | <b>1,259,333,744</b>       | <b>1,324,294,103</b>                   |

The debtor entity for all series is Empresa de los Ferrocarriles del Estado. All series are 100% Chilean State guaranteed.

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- c) The following table details the changes in liabilities arising from EFE and subsidiaries' financing activities, including cash flows and non-cash flows changes as of June 30, 2020. Liabilities arising from financing activities are those for which the cash flows were, or will be, classified in the statement of cash flows under cash flows from financing activities.

| Liabilities arising from financing activities | Balance as of<br>1/1/2020 (1)<br>ThCLP\$ | Financing cash flows |                 |                    | Changes that do not represent cash flows   |  |                                 | Balance as of<br>06/30/2020 (1)<br>ThCLP\$ |
|---|--|----------------------|-----------------|--------------------|--|--|---------------------------------|--|
|   |  | From<br>ThCLP\$      | Used<br>ThCLP\$ | Total<br>ThCLP\$   | Direct payments<br>by the state<br>ThCLP\$ | Exchange rate<br>difference<br>ThCLP\$ | Other changes<br>(2)<br>ThCLP\$ |  |
|   |  |                      |                 |                    |  |  |                                 |  |
| Bank borrowings                               | 69,717,305                               | 1,800,000            | -               | 1,800,000          | -  | 1,163,013                              | 1,427,748                       | 74,108,066                                 |
| Obligations with the public guaranteed Bonds  | 1,334,648,609                            | 123,026,995          | -               | 123,026,995        | (28,968,810)                               | 18,207,391                             | 24,840,525                      | 1,471,754,710                              |
| <b>Totals</b>                                 | <b>1,404,365,914</b>                     | <b>124,826,995</b>   | <b>-</b>        | <b>124,826,995</b> | <b>(28,968,810)</b>                        | <b>19,370,404</b>                      | <b>26,268,273</b>               | <b>1,545,862,776</b>                       |

| Liabilities arising from financing activities | Balance as of<br>1/1/2019 (1)<br>ThCLP\$ | Financing cash flows |                     |                   | Changes that do not represent cash flows   |  |                                 | Balance as of<br>12/31/2019 (1)<br>ThCLP\$ |
|---|--|----------------------|---------------------|-------------------|--|--|---------------------------------|--|
|   |  | From<br>ThCLP\$      | Used<br>ThCLP\$     | Total<br>ThCLP\$  | Direct payments<br>by the state<br>ThCLP\$ | Exchange rate<br>difference<br>ThCLP\$ | Other changes<br>(2)<br>ThCLP\$ |  |
|   |  |                      |                     |                   |  |  |                                 |  |
| Bank borrowings                               | 75,326,931                               | -                    | -                   | -                 | (11,055,599)                               | 1,325,502                              | 4,120,471                       | 69,717,305                                 |
| Obligations with the public guaranteed Bonds  | 1,192,369,012                            | 116,058,904          | (16,810,250)        | 99,248,654        | (39,056,240)                               | 33,488,670                             | 48,598,513                      | 1,334,648,609                              |
| <b>Totals</b>                                 | <b>1,267,695,943</b>                     | <b>116,058,904</b>   | <b>(16,810,250)</b> | <b>99,248,654</b> | <b>(50,111,839)</b>                        | <b>34,814,172</b>                      | <b>52,718,984</b>               | <b>1,404,365,914</b>                       |

- (1) Balance corresponding to the current and non-current portion  
(2) Corresponds to interest accrual

## 18. Trade and other accounts payable.

The detail of this item as of June 30, 2020 and December 31, 2019 is as follows:

| Suppliers                             | 06.30.2020<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ |
|---------------------------------------|-----------------------|-----------------------|
| Infrastructure, maintenance, services | 30,453,083            | 39,330,940            |
| Services and other purchases          | 2,699,603             | 13,111,518            |
| Purchase of products (diverters)      | -                     | 2,222,861             |
| Purchase of products (barriers)       | -                     | 1,722,358             |
| <b>Totals</b>                         | <b>34,754,228</b>     | <b>56,387,677</b>     |

Purchases and services bills are paid within 30 days after completing all authorization and control procedures performed by contract administrators and internal payment control.

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**19. Employee benefits**

- a) As of June 30, 2020 and as of December 31, 2019, EFE maintains a provision for employees accrued vacations under the item “Current provisions for employee benefits” amounting to ThCLP\$2,596.922 and ThCLP\$2,499,451, respectively.
- b) As of June 30, 2020 and as of December 31, 2019, the severance indemnity provision is presented in “Non-current provisions for employee benefits” amounting to ThCLP\$3,749,642 and ThCLP\$3,669,396, respectively.

Defined benefits for the personnel contractually agreed severance indemnity are valued based on the simplified actuarial value method and the total balance is recorded in the provisions for employee benefits.

Changes in actuarial value are recognized in equity. Actuarial parameters are as follows

- The discount rate used is determined with a vector which uses the rates for the 2, 5, 10 and 15-year BCP (Central Bank of Chile Bonds issued in Chilean pesos) as a reference, plus a spread of one percentage point.
- An increment table is used for the calculation of salary increases which is based on the quarterly projection of the inflation established by the Central Bank of Chile in the “Monetary Policy Report.”
- The staff turnover rates are determined using a table showing age and seniority in EFE and which is based on the Company’s historic data.
- In order to do this, the M-95 mortality table, issued by the Financial Market Commission according to Circular Letter No. 1476, dated 2000, is used.
- Other significant actuarial assumptions: retirement age by gender, 65 years for men and 60 years for women.

Parameters’ values determined according to the indicated criteria are as follows:

Hypotheses used in determining the provision

|  | <b>June 30<br/>2020</b> | <b>March 31<br/>2019</b> |
|--|-------------------------|--------------------------|
| Discount interest rate                           | 3.39%                   | 3.10%                    |
| M-95 mortality table (mortality margin on table) | 50.00%                  | 50.00%                   |
| Employee turnover rate                           | 14.07%                  | 22.22%                   |
| Salaries actual increase rate                    | 2.00%                   | 2.00%                    |

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As of June 30, 2020 and as of December 31, 2019, the movements for the severance indemnity provision are as follows:

| Severance provision   | June 30<br>2020<br>ThCLP\$ | December 31<br>2019<br>ThCLP\$ |
|---|----------------------------|--------------------------------|
| Present value of the obligations at the beginning of the year | 3,669,396                  | 4,428,959                      |
| Service cost for the current period (service cost)            | 383,424                    | 678,420                        |
| Interest cost   | 43,590                     | 128,680                        |
| Benefits paid in the current period                           | (599,020)                  | (1,716,397)                    |
| Provisions  | -                          | (278,000)                      |
| Actuarial loss  | 252,252                    | 427,734                        |
| <b>Total obligation at the end of the period</b>              | <b>3,749,642</b>           | <b>3,669,396</b>               |

A qualified external actuary developed the severance indemnity calculation model. Such model uses variables and market estimates according to the methodology established by IAS 19 for determining this provision.

## 20. Other current and non-current non-financial liabilities

The detail of this item as of June 30, 2020 and as of December 31, 2019 is as follows:

| Company   | Taxpayer No  | Country<br>origin | Nature of<br>the relationship | Origin of the<br>transaction | Currency | 06.30.2020<br>ThCLP\$ | 12.31.2019<br>ThCLP\$ |
|---|--------------|-------------------|-------------------------------|------------------------------|----------|-----------------------|-----------------------|
| Inmobiliaria Paseo Estación S.A. (1)  | 96,547,010-7 | Chile             | Investee                      | Deferred lease               | PESOS    | 744,675               | 737,588               |
| Anticipated Income (2)  |              |                   |                               | Tickets- VAT                 |          | 948,405               | 914,005               |
| Deferred income for IAS 20 (4)  |              |                   |                               |                              |          | 50,725,060            | 50,725,060            |
| Contributions Ministry of Transport (3)                                       |              |                   |                               |                              |          | 8,605,838             | 1,087,163             |
| Other non-financial liabilities   |              |                   |                               |                              |          | 1,842,845             | 3,701,436             |
| <b>Total non-financial liabilities, current</b>                               |              |                   |                               |                              |          | <b>62,866,823</b>     | <b>57,165,252</b>     |
| Inmobiliaria Paseo Estación S.A. (1)  | 96,547,010-7 | Chile             | Investee                      | Deferred lease               | PESOS    | 7,931,578             | 8,103,678             |
| Deferred income leases, Crossing and electric lines running parallel to rails |              |                   |                               |                              |          | 6,228,121             | 6,678,381             |
| Deferred income for IAS 20 (4)  |              |                   |                               |                              |          | 413,116,858           | 477,072,097           |
| Deferred income Ministry of Transport Fesub Coronel (5)                       |              |                   |                               |                              |          | 36,112,778            | 36,765,877            |
| Deferred income Ministry of Transport Merval Automotores (5)                  |              |                   |                               |                              |          | 19,642,447            | 19,377,905            |
| Deferred income Ministry of Transport Metropolitan Trains Motorized(5)        |              |                   |                               |                              |          | 9,715,796             | 9,884,761             |
| Other non-financial liabilities   |              |                   |                               |                              |          | 9,259,593             | 10,106,417            |
| <b>Total non-financial liabilities, non current</b>                           |              |                   |                               |                              |          | <b>502,007,171</b>    | <b>567,989,116</b>    |

- (1) This item includes, both in current and non-current liabilities, deferred revenues from lease of real estate property to the related entity Inmobiliaria Paseo Estación S.A. valid until December 31, 2037. Inmobiliaria Paseo Estación S.A. paid all lease rentals in advance. As of June 30, 2020, the monthly amortization in profit or loss is still pending of 213 equal and successive installments amounting to UF 1,452.57 each. As of June 30, 2020, a total of 6 installments amounting to UF 8,715.42 were recognized in the period's profit and loss.
- (2) The amounts included in this item correspond to transportation card loads that users did not make use of at the end of the year and leases collected in advance from contracts with cell phone companies.



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This item recorded in 2014 the balance of a contribution amounting to ThCLP\$ 4,238,066 received from the Ministry of Transport and Telecommunications for the implementation of the investment projects called “Mejoramiento del Servicio Corto Laja, Estaciones y Baños” (Corto Laja Service Improvement, Stations and Bathrooms) and “Construcción de Obras para Aumento de Frecuencias del Servicio Fesur” (Construction works in order to increase the frequency of Servicio Fesur) and the improvement of Paine, Buin, San Francisco de Mostazal and Rancagua stations. These contributions are fund, the use of which must be reported to the Ministry of Transport, and they decrease as the corresponding improvements are made and the reports indicating the use of the funds are submitted.

- (3) These amounts correspond to deferred income that is amortized and represents State transfers approved to be transferred to EFE during 2019, as well as the balances of transfers which were not amortized during 2018 and prior periods, mainly the ones allocated to finance investments in fixed assets.
- (4) These amounts correspond to deferred income that should be amortized and represent transfers from the Ministry of Transport for the extension of the Bio Tren to Coronel and the purchase of trains for Metro Valparaíso and Tren Central.

## 21. Equity

### a) Capital

Since EFE is a public sector legal entity which is 100% State-owned, its equity is not represented by shares. The Company’s capital amounts to ThCLP\$410,777,044.

The management of capital (understood as net equity according to the IFRS’s Conceptual Framework, paragraph 102) seeks chiefly to ensure the establishment, maintenance and operation of passenger and cargo transportation services by railway or similar systems and supplementary transport services regardless of the means used, which includes all related activities necessary for the fulfillment of this purpose. (See note 1.a)

EFE's net assets, consisting mainly of land, railways, rolling stock and other resources described in detail in note “Description of Company assets” (see note 1.e), are annually modified by the operating results of the railway business. and until 2010 included the financial losses generated by the interest accrued on its level of debt. When the State pays the original debt principal originated in the historical deficit, the equity increases by such amount and the tendency here is to recover the Company’s negative equity.

As mentioned in note Transfers from the State 3.18, State transfers are recorded under the income method of IAS 20 and therefore these contributions offset losses recorded in the Statement of Comprehensive Income.

There are no financial covenants restrictions the maintenance of a certain capital structure.

Variations in the Company’s net equity components are mainly due to the profit and loss for the year and the State’s recognition to historical debts of EFE, all of which is classified in Other Reserves. These variations and contributions respectively, are presented in the “Consolidated Statements of Changes in Net Equity.”

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**b) Cash flows hedging reserves**

The cash flows hedging reserve amounts to ThCLP\$ (470,962) as of June 30, 2020. It comprises an initial balance amounting to ThCLP\$ (487,940) and a movement for the period amounting to ThCLP\$16,978; all these come from a derivative taken by Inmobiliaria Paseo Estación.

**c) Increase from other contributions by the owners.**

As of June 30, 2020, there are no increases or other contributions by the owners.

**22. Revenue**

The detail of this item for the six-month periods ended June 30, 2020 and 2019 is as follows:

| Concepts  | January - June<br>2020 | January - Jun<br>2019 | April - June<br>2020 | April - June<br>2019 |
|---|------------------------|-----------------------|----------------------|----------------------|
|   | ThCLP\$                | ThCLP\$               | ThCLP\$              | ThCLP\$              |
| <b>Passengers</b>   | <b>12,850,436</b>      | <b>22,098,666</b>     | <b>2,857,010</b>     | <b>11,314,779</b>    |
| Metro Regional de Valparaiso S.A.                           | 4,151,978              | 8,735,322             | 953,427              | 4,539,057            |
| Ferrocarriles Suburbanos de Concepción S.A.                 | 2,002,198              | 2,790,891             | 685,613              | 1,355,547            |
| Tren Central  | 6,696,260              | 10,572,453            | 1,217,970            | 5,420,175            |
| <b>Operators</b>  | <b>6,206,919</b>       | <b>6,085,659</b>      | <b>3,107,222</b>     | <b>3,062,729</b>     |
| FEPASA (1)  | 4,207,942              | 4,252,620             | 2,096,333            | 2,127,905            |
| TRANSAP   | 1,998,977              | 1,833,039             | 1,010,889            | 934,824              |
| <b>Real estate</b>  | <b>4,613,405</b>       | <b>3,597,518</b>      | <b>2,323,290</b>     | <b>1,841,020</b>     |
| Crossing and electric lines running parallel to the rails   | 2,076,281              | 1,238,602             | 1,118,277            | 619,278              |
| Leases and other real estate                                | 2,537,124              | 2,358,916             | 1,205,013            | 1,221,742            |
| <b>Sale of services and others</b>                          | <b>17,882,233</b>      | <b>12,167,226</b>     | <b>11,981,025</b>    | <b>6,214,083</b>     |
| IAS 20 Adjustment compensation for maintenance expenses (2) | 17,572,558             | 11,646,153            | 11,908,015           | 6,064,223            |
| Other services sales  | 309,675                | 521,073               | 73,010               | 149,860              |
| <b>Totals</b>   | <b>41,552,993</b>      | <b>43,949,069</b>     | <b>20,268,547</b>    | <b>22,432,611</b>    |

(1) Due to the effects of the Covid 19 pandemic, the client Ferrocarril del Pacífico S.A. came to represent 10% of total income from ordinary activities

(2) This item corresponds to the compensation of infrastructure maintenance costs transferred by the State through the Annual Budget Law.

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**Performance obligations and revenue recognition policies**

In accordance with IFRS 15, revenue is measured based on the consideration specified in a contract with a client. The Company recognizes revenue when it transfers control of a product or service to a customer.

The company does not incur in costs to obtain or satisfy a contract with a client.

See segregations of revenue from ordinary activities in note 5, segments of operation

**23. Cost of sales**

The detail of cost of sales for the six-month periods ended June 30, 2020 and 2019 is as follows:

| Concepts   | 01.01.2020        | 01.01.2019        | 04.01.2020        | 04.01.2019        |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 06.30.2020        | 06.30.2019        | 06.30.2020        | 06.30.2019        |
|  | ThCLPS            | ThCLPS            | ThCLPS            | ThCLPS            |
| Personnel costs  | 11,092,462        | 10,582,493        | 5,695,692         | 4,861,079         |
| Energy and fuels   | 3,016,516         | 3,179,194         | 1,375,223         | 1,503,237         |
| Rolling material maintenance   | 4,414,867         | 4,487,402         | 2,058,995         | 2,217,760         |
| Infrastructure maintenance   | 3,813,893         | 4,963,293         | 1,720,335         | 2,514,704         |
| Amortization of capitalized costs for temporary interruptions of rx service. (1) | -130,265          | -68,982           | -56,038           | -68,982           |
| Railway electrification systems maintenance                                      | 4,564,140         | 4,413,792         | 2,412,811         | 2,222,350         |
| Security guard service and crosswalk guard                                       | 3,115,455         | 2,891,232         | 1,543,345         | 1,410,104         |
| Third parties services   | 2,068,412         | 3,104,141         | 718,820           | 1,538,819         |
| <b>Subtotal</b>  | <b>31,955,480</b> | <b>33,552,565</b> | <b>15,469,183</b> | <b>16,199,071</b> |
| Depreciation (2)   | 7,526,607         | 9,007,261         | 3,787,246         | 4,510,937         |
| <b>Totals</b>  | <b>39,482,087</b> | <b>42,559,826</b> | <b>19,256,429</b> | <b>20,710,008</b> |

- (1) A group of fixed disbursements that have been essential during the period of interruption of the railway services of FESUR are recognized as an investment in the “Corto Laja” project so that the execution of the works continues smoothly. The capitalization of said disbursements will continue until the completion and start-up of the project. The project implementation started in 2017 and ended in 2020.
- (2) The depreciation expense has been reduced by ThCLP\$10,309,317 and ThCLP\$8,660,682, as of June 30, 2020 and as of June 30, 2019, respectively, as amortization of the deferred income generated by the application of IAS 20.

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**24. Administrative expenses**

The detail of administrative expenses for the three-month periods ended June 30, 2020 and 2019 is as follows:

| Concepts                                       | 01.01.2020<br>06.30.2020<br>ThCLP\$ | 01.01.2019<br>06.30.2019<br>ThCLP\$ | 04.01.2020<br>06.30.2020<br>ThCLP\$ | 04.01.2019<br>06.30.2019<br>ThCLP\$ |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Personal expenses                              | 4,800,232                           | 6,252,515                           | 2,452,004                           | 3,783,725                           |
| External consulting and services               | 610,069                             | 636,862                             | 316,516                             | 321,144                             |
| Marketing                                      | 73,708                              | 145,832                             | 20,612                              | 72,452                              |
| Utilities                                      | 830,907                             | 954,441                             | 382,759                             | 549,501                             |
| Computing and communications                   | 1,052,616                           | 925,772                             | 535,661                             | 432,598                             |
| Freight and insurance                          | 1,428,840                           | 1,250,277                           | 731,064                             | 499,118                             |
| General expenses                               | 462,818                             | 718,997                             | 204,721                             | 342,264                             |
| Reverse material provision from previous years | -                                   | (1,100,000)                         | -                                   | -                                   |
| Administrative services and taxes              | 338,325                             | 610,956                             | 158,160                             | 231,886                             |
| <b>Subtotal</b>                                | <b>9,597,515</b>                    | <b>10,395,652</b>                   | <b>4,801,497</b>                    | <b>6,232,688</b>                    |
| Depreciation and amortization - administrative | 578,910                             | 533,276                             | 229,881                             | 357,237                             |
| <b>Totals</b>                                  | <b>10,176,425</b>                   | <b>10,928,928</b>                   | <b>5,031,378</b>                    | <b>6,589,925</b>                    |

**25. Financial assets measured at amortized cost**

This item has the interest earned on time deposit investments made as part of normal financial operations.

| Profit from financial assets measured at amortized cost | 01.01.2020<br>06.30.2020<br>ThCLP\$ | 01.01.2019<br>06.30.2019<br>ThCLP\$ | 04.01.2020<br>06.30.2020<br>ThCLP\$ | 04.01.2019<br>06.30.2019<br>ThCLP\$ |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Interest earned on time deposits                        | 1,310,466                           | 1,666,293                           | 1,462,587                           | 1,219,589                           |
| <b>Totals</b>   | <b>1,310,466</b>                    | <b>1,666,293</b>                    | <b>1,462,587</b>                    | <b>1,219,589</b>                    |

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**26. Other income**

The detail of other income (losses) for the six-month periods ended June 30, 2020 and 2019 is as follows:

| Other income (losses)  | 01.01.2020        | 01.01.2019        | 04.01.2020       | 04.01.2019        |
|--|-------------------|-------------------|------------------|-------------------|
|  | 06.30.2020        | 06.30.2019        | 06.30.2020       | 06.30.2019        |
|  | ThCLP\$           | ThCLP\$           | ThCLP\$          | ThCLP\$           |
| Gain on sales of fixed assets and land                       | (9,824)           | 722,978           | -                | 6,658             |
| Income from fines  | 445,025           | 595,130           | 359,100          | 411,031           |
| Income from sales of material                                | 27,325            | 31,798            | 11,266           | 12,407            |
| Gain on sale of obsolete materials                           | 278,335           | 257,722           | 109,239          | 152,217           |
| Cost of selling materials                                    | (5,891)           | (117,221)         | 1,402            | (640)             |
| Reimbursement on insurance claims                            | 469,888           | 197,024           | 406,370          | 197,024           |
| Income from tax recovery                                     | -                 | 570,354           | -                | 570,354           |
| Indemnization of Financial Expenses by application of IAS 20 | 26,516,467        | 25,449,094        | 13,292,594       | 13,088,554        |
| Other Income (Expenses)                                      | (207,635)         | (64,354)          | (130,602)        | 477,189           |
| Expenditure on salaries Law 2259                             | -                 | (15,707)          | -                | (7,552)           |
| Trials and Litigation  | 136,643           | (136,211)         | 125,003          | (20,728)          |
| Restructuring costs  | (602,429)         | (525,642)         | (205,782)        | (451,013)         |
| VAT expense (2)  | (4,884,780)       | (1,808,725)       | (4,239,158)      | (818,170)         |
| Inventory differences  | 19,563            | 46,193            | (72)             | 27,497            |
| Studies and Consulting                                       | (157,260)         | (197,735)         | (24,917)         | (152,044)         |
| Indemnity  | (890,029)         | 3,498             | -                | 3,498             |
| <b>Totals</b>  | <b>21,135,398</b> | <b>25,008,196</b> | <b>9,704,443</b> | <b>13,496,282</b> |

- (1) Corresponds to the compensation of financial expenses transferred by the State through the Annual Budget Law. The differences with note 28 correspond to exchange differences between the accrual and payment date. These differences have been reflected in note 28 of exchange differences.
- (2) Corresponds to a valuation provision for the VAT tax credit. No recovery of this VAT tax credit is expected in the medium term.

**27. Finance income and costs**

The details of finance income and costs for the six-month periods ended June 30, 2020 and 2019 are as follows:

| Financial income  | 01.01.2020          | 01.01.2019          | 04.01.2020          | 04.01.2019          |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 06.30.2020          | 06.30.2019          | 06.30.2020          | 06.30.2019          |
|   | ThCLP\$             | ThCLP\$             | ThCLP\$             | ThCLP\$             |
| Net interest and inflation-indexation unit (loss) income (1)          | 59,872              | 711,958             | 116,244             | 603,128             |
| Financial expenses on loans from financial institutions and bonds (2) | (26,803,369)        | (25,743,974)        | (13,467,983)        | (13,237,899)        |
| <b>Totals</b>   | <b>(26,743,497)</b> | <b>(25,032,016)</b> | <b>(13,351,739)</b> | <b>(12,634,771)</b> |

- (1) Mainly income from investments in mutual funds in Metro Valparaíso.
- (2) This item is related to note 26 since the State directly covers such expenses. The offsetting of the above expenses is made according to the application of IAS 20.

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**28. Exchange rate change and indexation units readjustments**

The detail of the exchange rate differences and indexation units readjustment loss for the six-month periods ended June 30, 2020 and 2019 is as follows:

| Exchange rate differences and profit or loss on inflation-indexation unit readjustment | 01.01.2020<br>06.30.2020<br>ThCLP\$ | 01.01.2019<br>06.30.2019<br>ThCLP\$ | 04.01.2020<br>06.30.2020<br>ThCLP\$ | 04.01.2019<br>06.30.2019<br>ThCLP\$ |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| (Loss) gain on exchange rate difference  | 361,833                             | 157,582                             | (69,084)                            | (5,595)                             |
| Indexation unit readjustment loss  | (17,747,998)                        | (15,817,027)                        | (4,655,800)                         | (15,690,053)                        |
| <b>Totals</b>  | <b>(17,386,165)</b>                 | <b>(15,659,445)</b>                 | <b>(4,724,884)</b>                  | <b>(15,695,648)</b>                 |

The exchange rate differences and the indexation units are directly paid by the Chilean State. Such constitutes an explicit coverage that nullifies in real terms the effects of the exchange rate and the variation of the UF on EFE's equity. This happens to the extent that remittances made by the General Treasury of the Republic are paid directly to financial creditors.

**29. Environment**

EFE and its subsidiaries, as a leading company in passenger and the owner of the infrastructure for cargo transportation services, recognizes and assumes its environmental responsibility. The Company also coordinates its own economic and industrial activities having in mind the protection of the environment through a business strategy that incorporates the environmental variable in a preventive and comprehensive way into the Company's activities.

EFE complies with current legislation by minimizing the impact on the environment, effectively protecting the health of its workers, performing its tasks with safety and quality and satisfying the requirements and needs of its customers and communities.

The Company is aware that this mission will be very hard to comply with if there is no support from its customers, suppliers, contractors and subcontractors and, therefore, it has taken important measures to integrate them and encourage them to comply with environmental regulations and the commitments assumed by our Company.

Considering its commitment to protect the environment, EFE is working on a four-stage implementation of an Environmental Management System (EMS): Environment Management, Environment Training, Communication and Diffusion, and Auditing. In general terms, a series of projects and activities are contemplated within the framework of the four-stage EMS program.

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**30. Financial risk management**

EFE is a legal entity which is 100%-owned by the State of Chile. Nevertheless, EFE is an autonomous entity and has its own assets. As a consequence, EFE is responsible for managing its own capital and creating financial strategies to fulfill its corporate purpose.

The railway system in Chile operates in an environment with strong competition from the road transportation industry for the transportation of both cargo and passengers. In addition, EFE has a railway infrastructure whose development and maintenance require expenses which exceed the railway service income and generate a financial deficit. This deficit could only be covered with direct borrowings in the domestic and international financial system, or, since 2011, with State transfers, which cover the operational infrastructure maintenance expenses that cannot be covered with internal resources, thus avoiding external financing to cover operational expenses. On the other hand, the investments that the Company needs to fulfill its corporate purpose are presented to the Ministry of Transport and Telecommunications to obtain the necessary financing from this agency or to obtain borrowings secured by the Chilean State.

The aforementioned situation pushes Management to make a major effort in all areas, especially the effective handling of the Company's financial resources.

The Company's main financial instruments as of June 30, 2020 and as December 31, 2019 are as follows:

|  | As of June 30,<br>2020<br>ThCLP\$ | As of December 31,<br>2019<br>ThCLP\$ | Level   | Amortized cost / fair<br>value |
|--|-----------------------------------|---------------------------------------|---------|--------------------------------|
| <b>Current assets</b>                    |                                   |                                       |         |                                |
| Cash and cash equivalents                | 122,426,432                       | 44,143,605                            | Level 1 | Fair value                     |
| Other financial assets                   | 73,047,887                        | 85,004,326                            | Level 1 | Fair value                     |
| Trade and other receivables              | 3,773,152                         | 16,838,345                            | Level 3 | Amortized cost                 |
| Accounts receivable from related parties | 52,758,737                        | 89,941,878                            | Level 1 | Amortized cost                 |
| <b>Non-current assets</b>                |                                   |                                       |         |                                |
| Accounts receivable from related parties | 100,803,829                       | 118,369,426                           | Level 1 | Amortized cost                 |
| <b>Current liabilities</b>               |                                   |                                       |         |                                |
| Other financial liabilities              | 19,850,030                        | 15,708,338                            | Level 3 | Amortized cost                 |
| Trade and other payables                 | 33,152,686                        | 56,387,677                            | Level 1 | Amortized cost                 |
| <b>Non-current liabilities</b>           |                                   |                                       |         |                                |
| Other financial liabilities              | 1,526,012,743                     | 1,388,657,577                         | Level 1 | Amortized cost                 |

## **Market risk**

This risk is related to the uncertainties associated with the exchange rate and interest rate, that affect the Company's assets and liabilities:

### **a) Exchange rate risk and indexation units**

The Company carries out its operations in Chile, and therefore is not directly exposed to the exchange rate variation in activities related to its commercial operations of purchase or sale of assets and services. However, the Company maintains financial commitments denominated in USD and UF which are exposed to "currency accounting risks." Variations in the USD and the UF are directly covered by the Chilean State.

As of June 30, 2020, the Company's debts and other liabilities (capital without interest) in UF amount to ThUF53,870, UF 3 million correspond to debts contracted in 2014 to finance the expansion project to Coronel, purchase of trains for its subsidiaries, and UF 3 million corresponds to the placement of Bond AB in September 2015. These syndicated loans will be paid with funds from the Transantiago "Mirror" Law in full by the Ministry of Transport and Telecommunications. The indexation units readjustment results (only UF) recognized in the interim consolidated statements of income for the six-month periods ended June 30, 2020 amounts to a loss of CLP\$17,748 million. A 1% variation of the UF with respect to its value as of June 30, 2020, i.e. Ch\$ 287, with the net debt base in UF and other variables that could marginally affect the Company's cost and income structure being constant, would give rise to a profit or loss of approximately Ch\$ 15,459 million, depending on the direction of that variation.

### **b) Interest rate risk**

As of June 30, 2020, financial obligations with third parties, amount to USD 1,882 million; 95.21% of these loans are at a fixed rate. EFE does not have interest rate swap agreements since the State fully covers loan payments.

### **Liquidity or financing risk**

There is no liquidity risk related to the ability to meet financial obligations in the short term, since these cash flows are covered by State contributions defined in the Ministry of Transport and Telecommunications' Annual Budget Law.

EFE's financial instruments portfolio and cash as of June 30, 2020 amount to ThCLP\$ 96,083. Along with the funds in the Annual Budget Law pending transfer, both would cover the Company's investment and operating commitments, and are sufficient to satisfy the timely and complete payment to workers and suppliers of EFE and its subsidiaries.



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**Credit risk**

The credit risk, described as the risk of financial loss that could cause a client or counterparty payment default in a financial instrument, occurs mainly in accounts receivable from trade clients and other accounts receivable. EFE named an area responsible for managing collection, which minimizes the write off risk of accounts receivable. It is EFE's policy to record expected credit losses in accordance with IFRS 9.

Below are the main financial assets presenting credit risks as of June 30, 2020 and December 31, 2019 are shown below:

| Concept  | As of June 30,<br>2020<br>ThCLP\$ | As of December 31,<br>2019<br>ThCLP\$ |
|--|-----------------------------------|---------------------------------------|
| <b>Current assets</b>                          |                                   |                                       |
| Accounts receivable from cargo carrier clients | 969,104                           | 792,085                               |
| Other trade receivables (1)                    | 2,072,642                         | 1,322,655                             |
| <b>Totals</b>                                  | <b>3,041,746</b>                  | <b>2,114,740</b>                      |

(1) Balances provisioned on these assets for impairment amounts to ThCLP\$842,468 as of June 30, 2020 and ThCLP\$ 792,548 as of December 31, 2019.

**31. Guarantees from third parties**

The Company has guarantees from third parties mainly by contracts for the Provision of Railway Infrastructure (CPIF), Central and North areas in the amount of UF 110,000.

**32. Sanctions**

During the three-month period ended March 31, 2020, the Commission for the Financial Market (CMF for its Spanish acronym) has not applied sanctions to Empresa de los Ferrocarriles del Estado nor, its subsidiaries Directors or Executives. Nor have any sanctions from other administrative authorities has been applied.

**33. Limitations**

There are neither management limitations nor restrictions on financial indicators arising from creditors' contracts and agreements with contractual requirements. This was also confirmed by the contract administrators.

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### 34. Contingencies

#### Lawsuits

The Company made provisions amounting to ThCLP\$ 3,474,229 (ThCLP\$ 3,711,535 as of December 31, 2019) to deal with probable (which are estimable on a reliable basis) contingencies from certain lawsuits related to fines, accidents and labor matters.

As of this date, there are two lawsuits of cargo carriers against EFE. According to the Company's external legal advisors, it is not possible to evaluate the probable adverse outcome for EFE and, consequently, it is not possible to foresee the actual contingency to which the company is exposed. Additionally, and based on the above, no accounting provisions have been made, in accordance with IAS 37.

### 35. Guarantees granted

1. Under Act No. 19.170 dated October 3, 1994, the President of the Republic granted a State guarantee for up to a maximum amount of UF 7,000,000 on which Bonds Series D, E, F, G, H, I, J, K, L and M were issued.
2. The State guarantee was granted in 2003 and Bonds Series "N" and "O" were issued for up to UF 3,860,000.
3. The State guarantee was authorized in 2004 for the issuance of up to a maximum amount of UF 5,150,000, for the placement of Series "P" Bonds for UF 2,400,000 as of March 23, 2004 and the Series "Q" Bonds for UF 2,750,000 on June 18, 2004.
4. The State guarantee was authorized in 2005 for up to an amount of UF 3,500,000, for the placement of Series "R" Bonds on April 8, 2005, as well as Series "S" Bonds for UF 2,600,000 in September 2005.
5. The State guarantee was authorized in 2006 for an amount of UF 2,400,000 for the placement of Series "T" Bond on May 10, 2006.
6. The State guarantee was authorized in 2012 for an amount of UF 7,800,000 for the placement of Series "V" Bond on December 6, 2012.
7. The State guarantee was authorized in 2013 for an amount of UF 1,850,000 for the placement of Series "X" Bond on April 9, 2013. The State guarantee was authorized for an amount of UF 2,900,000 for the placement of Series "Z" Bond on December 20, 2013.
8. The State guarantee was authorized in 2015 for an amount of UF 3,000,000 for the placement of Series "AB" Bond on June 24, 2015.
9. The State guarantee was authorized in 2016 for an amount of UF 2,850,000 for the placement of Series "AC" Bond on January 19, 2017.
10. The State guarantee was authorized in 2019 for an amount of UF 3,600,000 for the placement of Series "AD" Bond on April 10, 2019.
11. The State guarantee was authorized in 2020 for an amount of UF 3,600,000 for the placement of Series "AF" Bond on June 10, 2020.

### 36. Subsequent events

#### **COVID-19 Impact: (Reported by all passenger subsidiaries of EFE Group)**

The President of Chile declared state of emergency for an initial period of 90 days starting from March 19, 2020, which allowed the Chilean government to impose restrictions to transportation and gatherings, as well as a curfew and property requests, among others. The President of Chile extended the state of emergency since June 16, 2020 for a period of 90 days. The impact of this pandemic on the local economy is an expected negative growth for 2020, which is estimated will severely affect the railway industry, especially in the passenger transport segment.

Preliminary information shows the the revenues of the passenger transport segment for the months of July and August 2020 were CLP\$ 654 million and CLP\$881 million, respectively. The decline in these revenues between the months of June and July 2020 and June and July 2019 is 80% and 68%, respectively. The final effect of this pandemic on the Company will depend on its duration, extension throughout the country and the time it would take to return to normality.

In addition, Management is continuously assessing the impacts in the value of its assets, focusing mainly on determining the impairment of its property, plant and equipment, under IPSAS 21, considering: i) indications of impairment due to significant negative fluctuations in demand for services, ii) indications of physical impairment of the assets, iii) changes in the policies of the Company or Government that could indicate a possible impairment because of the generation of adverse conditions for the entity. At the reporting date, there have been no adjustments to the asset value.

#### **Placement of Bonds Abroad:**

With a historical rate and one of the best risk ratings for a public company Chilean in recent years, EFE made its first bond placement in New York in the international market.

On August 11, 2020, the Company successfully placed the bonds to be issued in the international market, for a total amount of US \$500,000,000 with a 30-year term and with an interest rate of 3.068% per year.

The aforementioned bonds were issued on August 18, 2020, under Rule 144 A and the Regulation S of the Securities Market Law of the United States of America. The underwriters were Goldman Sachs. & CO. LLC and Santander Investment Securities INC.

This placement is part of the financing strategy of the “Chile Sobre Rieles” plan, which in the next seven years it seeks to triple the number of passengers transported, double the tons of cargo and the end of the company's operational deficit.

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**Changes in Administration:**

On August 20, 2020, the SEP council has appointed as Director of Railways from the State to Mrs. Adriana Brancoli Poblete to replace Mrs. María Verónica Morales.

No other subsequent events happened between July 1, 2020 and the date of issuance of these interim consolidated financial statements which significantly affect the figures contained herein or the interpretation of the financial statements as of that date.

Reinaldo Neira Molina  
Chief Accountant

Patricio Pérez Gómez  
General Manager